United States Court of Appeals
for the Second Circuit

APPENDIX

ORIGINAL WITH PROOF OF SERVICE

77-6034

77-6038, 77-6040, 77-6044, 77-6045, 77-6048, 77-6065

UNITED STATES COURT OF APPEALS

for the

SECOND CIRCUIT

B

P/S

In the Matter
of
WEIS SECURITIES, INC.,

Debtor.

GEORGE ALDRICH, et al.,

Appellants,

v.

EDWARD S. REDINGTON, TRUSTEE, and SECURITIES INVESTOR PROTECTION CORPORATION,

Appellees.

Appeal from the United States District Court
for the Southern District of New York

UNITED STATES COURT OF APPEALS
FILED
MAY 11 1977
A. DANIEL FUSARO, CLERK
SECOND CIRCUIT

JOINT APPENDIX

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INDEX

	Page
RELEVANT DOCKET ENTRIES	A-1
APPLICATION OF SECURITIES INVESTOR PROTECTION CORPORATION DATED MAY 24, 1973	A-15
AFFIDAVIT OF JEFFREY S. MORRISON, FOR PLAINTIFF, IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER, ORDER APPOINTING TEMPORARY RECEIVER, AND PRELIMINARY AND PERMANENT INJUNCTIONS	A-21
EXHIBIT A TO MORRISON AFFIDAVIT - LETTER FROM NEW YORK STOCK EXCHANGE, INC. TO PLAINTIFF DATED MAY 7, 1973	A-40
EXHIBIT B TO MORRISON AFFIDAVIT - TELEGRAM FROM DEFENDANT WEIS SECURITIES INC. TO PLAINTIFF DATED MAY 17, 1973	A-41
EXHIBIT C TO MORRISON AFFIDAVIT - RULE 15c3-3 REPORT	A-42
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY GRACE CUTTING McGRATH	A-43
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY GRACE M. McGRATH	A-51
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY JEAN WINSLOW	A-61
CLAIM SUBMITTED BY PHILIP HOLDEN	A-71
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY JAMES H. HIGGINSON	A-75
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY CRAIG K. MITCHELL	A-84
CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY EUGENE W. STETSON, JR.	A-94

INDEX

Page

CLAIM, WITH ATTACHED COPIES OF SENIOR SUBORDINATED NOTE AGREEMENT AND POWER OF ATTORNEY, SUBMITTED BY ALL AMERICAN LIFE AND CASUALTY COMPANY A-102

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY HENRY WALLACE COHU A-108

CLAIM, WITH COPY OF SECURED DEMAND NOTE COLLATERAL AGREEMENT, SUBMITTED BY GEORGE D. ALDRICH A-120

PETITION ON BEHALF OF EVA GROSSMAN A-142

EXHIBIT A TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JUNE 29, 1967 A-146

EXHIBIT B TO PETITION ON BEHALF OF EVA GROSSMAN - DEBENTURE BOND A-147

EXHIBIT C TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JULY 2, 1969 A-149

EXHIBIT D TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JUNE 18, 1969 A-150

EXHIBIT E TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS SECURITIES INC. TO EVA GROSSMAN DATED APRIL 27, 1973 A-151

CLAIM, WITH COPY OF SECURED DEMAND NOTE COLLATERAL AGREEMENT, SUBMITTED BY SAMUEL WINSLOW A-152

CLAIM, WITH COPY OF CASH SUBORDINATION AGREEMENT, SUBMITTED BY ARTHUR J. KREIZEL A-163

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY EVA GROSSMAN A-170

CLAIM AND COPIES OF PROMISSORY NOTES OF FIDELITY CORPORATION A-173

INDEX

Page

CLAIM, WITH RIDER, TOGETHER WITH COPY OF CASH SUBORDINATION AGREEMENT, SUBMITTED BY JAMES CRYSTAL AS TRUSTEE OF THE WEIS, VOISIN & CO., INC. EMPLOYEES' PROFIT SHARING PLAN A-192

CLAIM, WITH COPIES OF PROMISSORY NOTES, SUBMITTED BY SECURITY NATIONAL BANK A-201

CLAIM, WITH COPY OF CASH SUBORDINATION AGREEMENT AND POWER OF ATTORNEY, SUBMITTED BY ROBERT E. SLATER A-221

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ALL AMERICAN LIFE & CASUALTY COMPANY A-231

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ROBERT E. SLATER A-235

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF GEORGE D. ALDRICH A-238

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ARTHUR J. KREIZEL A-242

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF EVA GROSSMAN A-245

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF FIDELITY CORPORATION A-248

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF WEIS, VOISIN & CO., INC. EMPLOYEES' PROFIT SHARING PLAN & TRUST A-251

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF SECURITY NATIONAL BANK A-254

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF JEAN M. WINSLOW A-257

ORDER TO SHOW CAUSE SIGNED BY BANKRUPTCY JUDGE ROY BABITT ON DECEMBER 13, 1974 A-260

INDEX

Page

STATEMENT PURSUANT TO LOCAL RULE 9(g) A-263

AFFIDAVIT OF JAMES W. GIDDENS, ESQ., FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT A-267

- EXHIBIT A TO GIDDENS AFFIDAVIT - LIST OF SUBORDINATED LENDERS A-273

AFFIDAVIT OF JANET BELSKY, FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT A-279

- EXHIBIT A TO BELSKY AFFIDAVIT - DEBTOR'S AUDITED FINANCIAL STATEMENT AS OF MAY 26, 1972 A-281
- EXHIBIT B TO BELSKY AFFIDAVIT - DEBTOR'S PRINTED STATEMENT OF FINANCIAL CONDITION DATED NOVEMBER 24, 1972 A-293
- EXHIBIT C TO BELSKY AFFIDAVIT - DEBTOR'S PRINTED STATEMENT OF FINANCIAL CONDITION DATED FEBRUARY 23, 1973 A-294

AFFIDAVIT OF HARVEY J. BAZAAR, C.P.A., FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT A-295

- EXHIBIT A TO BAZAAR AFFIDAVIT - EXCERPT FROM AUDITS FOR BROKERS AND DEALERS IN SECURITIES A-299
- EXHIBIT B TO BAZAAR AFFIDAVIT - SAMPLE BALANCE SHEET APPEARING IN AUDITS FOR BROKERS AND DEALERS IN SECURITIES A-301

AFFIDAVIT OF ROBERT M. BISHOP, FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT A-303

LETTER DATED JANUARY 14, 1975 FROM JACOB H. STILLMAN, ASSISTANT GENERAL COUNSEL, SECURITIES AND EXCHANGE COMMISSION, TO HONORABLE ROY BABITT, BANKRUPTCY JUDGE A-306

OPPOSING PARTY'S STATEMENT PURSUANT TO GENERAL RULE 9(g), SUBMITTED BY FIDELITY CORPORATION A-308

INDEX

Page

ANSWER TO OBJECTIONS TO ALLOWANCE OF CLAIM AS ASSERTED, SUBMITTED BY ARTHUR J. KREIZEL A-310

ANSWER TO STATEMENT OF TRUSTEE PURSUANT TO LOCAL RULE 9(g), SUBMITTED BY ARTHUR J. KREIZEL A-314

STATEMENT PURSUANT TO GENERAL RULE 9(g), SUBMITTED ON BEHALF OF CLAIMANTS GEORGE ALDRICH, ET AL. A-319

AFFIDAVIT OF JAMES J. HIGGINSON, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-322

AFFIDAVIT OF JEAN M. WINSLOW, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-325

AFFIDAVIT OF SAMUEL WINSLOW, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-328

AFFIDAVIT OF H. WALLACE COHU, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-331

STATEMENT PURSUANT TO GENERAL RULE 9(g) SUBMITTED BY WILLIAM J. SCOTT, ATTORNEY GENERAL OF THE STATE OF ILLINOIS, ON BEHALF OF EVA GROSSMAN A-334

AFFIDAVIT OF EVA GROSSMAN, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-336

STATEMENT PURSUANT TO GENERAL RULE 9(g) SUBMITTED BY CHEMICAL BANK, SUCCESSOR OF SECURITY NATIONAL BANK A-340

AFFIDAVIT OF LEONARD ZALKIN, ESQ., FOR CLAIMANT CHEMICAL BANK, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT A-344

ADDITIONAL AFFIDAVITS IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT: A-347

    AFFIDAVIT OF CLAIMANT GEORGE D. ALDRICH A-348

    AFFIDAVIT OF CLAIMANT GRACE CUTTING McGRATH A-351

INDEX

	Page
AFFIDAVIT OF CLAIMANT EUGENE W. STETSON, JR.	A-354
AFFIDAVIT OF CLAIMANT JOHN DeBRAGANCA	A-357
AFFIDAVIT OF CLAIMANT CRAIG K. MITCHELL	A-360
AFFIDAVIT OF CLAIMANT GRACE M. McGRATH	A-363
AFFIDAVIT OF CLAIMANT MICHAEL H. HOLDEN	A-366
STATEMENT PURSUANT TO LOCAL RULE 9(g) FILED ON BEHALF OF CLAIMANTS ALL AMERICAN LIFE & CASUALTY CO., GENERAL UNITED LIFE INSURANCE CO., AND ROBERT E. SLATER	A-369
AFFIDAVIT OF ROBERT E. SLATER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT	A-372
AFFIDAVIT OF JOHN W. GARDINER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT	A-375
MEMORANDUM OPINION OF BANKRUPTCY JUDGE ROY BABITT RE CLAIMS OF GEORGE D. ALDRICH, ET AL.	A-379
ORDER OF BANKRUPTCY JUDGE ROY BABITT RE CLAIMS OF GEORGE D. ALDRICH, ET AL.	A-389
NOTICE OF MOTION TO DISMISS APPEALS OF TRUSTEE AND SECURITIES INVESTORS PROTECTION CORPORATION	A-390
AFFIDAVIT OF ALAN C. WINICK, ESQ., FOR CLAIMANTS ALL AMERICAN LIFE & CASUALTY CO., GENERAL UNITED LIFE INSURANCE CO., AND ROBERT E. SLATER, IN SUPPORT OF MOTION TO DISMISS APPEALS	A-393
AFFIDAVIT OF JAMES B. KOBAK, JR., ESQ., FOR APPELLANTS TRUSTEE AND SECURITIES INVESTOR PROTECTION CORPORATION, IN OPPOSITION TO MOTION TO DISMISS APPEALS	A-398
ORDER DENYING MOTION TO DISMISS APPEALS	A-405a
OPINION AND ORDER OF DISTRICT JUDGE INZER B. WYATT REVERSING ORDER OF BANKRUPTCY JUDGE BABITT	A-406

RELEVANT DOCKET ENTRIES

UNITED STATES DISTRICT COURT

73 CIV. 2332

Jury demand date:

D. C. Form No. 106 Rev.

JUDGE WYATT

TITLE OF CASE	ATTORNEYS
SECURITIES AND EXCHANGE COMMISSION	For plaintiff: Securities & Exchange Commission 26 Federal Plaza New York, NY 10007 264-1636
VS.	
✓ WEIS SECURITIES, INC. 6/14/73 ✓ ARTHUR LEVINE 6/4/73 jud. ✓ SOL LEIT 6/4/73 jud ✓ ALAN SOLOMON 6/4/73 jud ✓ JOEL KUBIE 6/4/73 jud ✓ ROBERT LYNN 6/4/73 jud.	3/1
	For defendant: 5/6/75 Levin & Weintraub, Esqs 225 Broadway New York, N.Y. for Exchange Nationa Bank in Bankruptcy case. LUMNEY & CROCCO 20 EXCHANGE PLACE, N.Y.C. N.Y. 10005 269-7700

STATISTICAL RECORD	COSTS	
J.S. 5 mailed	Clerk	
J.S. 6 mailed ✓	Marshal	
Basis of Action: Securities Act of 1933, Sec.17(a) & 1934 Sec.10(b),15(c)(3) and 17(a)	Docket fee	
	Witness fees	
Action arose at:	Depositions	

U.S.A

DATE	NAME OR RECEIPT NO.	REC.	DISB.
3/3/75	Hart	5 –	
3/4/75	Frias		5
9/29/75	Brown	5 –	
9/30/75	Treas		5 –
10/30/75	Galpern	5 –	
11/6/75	Treas.		5 –
11/21/75	Milbank	5 –	
11/25/75	Treas.		5 –
2/20/76	Lebenkoff	5 –	
2/24/76	Treas.		5 –
3/26/76	Holtzman	5 –	
3/30/76	Treas.		5 –
3/31/76	FONK	5 –	
4/1/76	Treas.		5 –

73 CIV. 2332
JUDGE WYATT

S.E.C. VS. WEIS SECURITIES, INC., et al

DATE	PROCEEDINGS	Date Order or Judgment Noted
May24-73	Filed complaint and issued summons	✓
May24-73	Filed application of SIPC.	
May25-73	Filed Order to Show Cause ret: 5/30/73 at 10Am in room 129 before Judge Gurfein, and the defts are temporary restrained as indicated., Gurfein,J.	✓
May25-73	Filed Order to Show Cause ret: 5/30/73 at 10AM in room 129 before Judge Gurfein why a protective order should not be entered and appointing a trustee. Gurfein,J.	✓
May 30.73	Filed Opinion # 39507. The Court further finds that further delay will not be in the interest of the customers of Weis Securities Inc.;The Court further finds that there is jurisdiction under the aforesaid act for the appointment of such Trustee under the terms & conditions described by the statute;The Court will make an order, accordingly,simultaneously herewtih for the appointment of Edward S. Reddington, One Wall Street, NYC 10005 as the Trustee specified by SIPC 5(b(3) of the 1970 Act. Gurfein J. (M/N)	
May 30.73	Filed Application for an order fixing date & time for the First meeting of Creditors.&	
May 30.73	Filed Application for an order fixing date & time for hearing on the Qualification & Disinterestedness of the Trustee.	
May 30.73	Filed Application for an order of General Reference.	
May 30.73	Filed Application for an order authorizing publication of notice to creditors.	
May 30.73	Filed Order. Ordered that the provisions of the temp. restraining orders heretofore made aremodified so as to permit Weis Securities Inc. to deposit in its Marine Midland Bank Acct. #004-73512-9 two checks presently in its posession & payable Etc. Ordered that the balance of the funds deposited in saind Marine Midland Bank shall remain on deposit in said acct. subject to further order ofthe court. Gurfein J. (M/N)	✓
May 30.73	Filed Order. Ordered that mothing in the orders of this court shall be construed as preventing any clearing assoc. affiliated with a commodity exchange from xxxxingxxllixm causing all outstanding futures contracts of Weis Securities, Inc. Etc. Gurfein J. (M/N)	
May 31.73	Filed Order. Ordered that thes action is referred to Hon Roy Bavitt,Referee in Bkrptcy. of this court, to take further proceedings therein as are required & permitted under the Securities Investor Protection Act of 1970. Gurfein J. (M/N)	
May 31.73	Filed Order. Ordered that trustee publish in the N.Y.Times a notice to customers & crediters of the Debtor,etc. Gurfein J. (M/N)	✓
May 31.73	Filed Order. Ordered that the first meeting of creditors of the debtor is fixed for 6/20/73 in room 201,etc. Gurfein J. (m/n)	
May 31.73	Filed Order. Ordered that 6/26/73 be fixed as time for hearing of objections to xxx the retention in office of the Trustee upon the ground that he is not qualified etc. Gurfein J. (M/N)	
May 30.73	Filed Order. Ordered that the customers of Weis Securities,Inc., are in need of the protection of the Securities Investor Protection Actx of 1970;further Order that Edward S. Redington is appointed as trustee for the liquidation of the businessof Weis Securities, Inc., as indicated. Trustee shall file a fidelity bond in the amount of $100,000.; Further Ordered that all crediters of dft. Weis Securities Inc. & all other persons, firms, etc. are hereby STAYED, enjoined & restrained as indicated,Etc. Consented to. Gurfein J. (M/N)	
May 31-73	Filed Affidavit of Keith J. Thomas in opposition to Pltf's.application for Restraining Order.	✓
May 31-73	Filed Notice of Motion re: leave to appear as amicus curiae, for the purpose of suggesting a provision for inclusion in any order appointing a trustee.	
May 31-73	Filed Affidavit of Notice that an Order to Show Cause would be presented.	✓
May 31-73	Filed Memorandum in support of Pltf's.motion for temp. restraining order.	
May 31-73	Filed Memorandum of Law of deft. New York Telephone Co.	

continued next page

73 Civil 2332 S.E.C. VS. WEIS SECURITIES, INC. et al Wyatt. J

CIVIL DOCKET

DATE	FILINGS—PROCEEDINGS	AMOUNT REPORTED IN EMOLUMENT RETURNS
May 31-73	Filed transcript of Record of Proceedings of May 25, 1973.	
May 31-73	Filed Affida it of Richard Neuberger in opposition to applications of SEC,etc.	✓
May 24-73	Filed Application of SECURITIES INVESTOR PROTECTION CORP.	
May 24-73	Filed Order to Show Cause Ret. 5/30/73 in ROOM 129 at 10 AM re: Protection. Ordered that all creditors of deft. Weis Securities, Inc. are STAYED, ENJOINED and RESTRAINED for a period of 21 days as indicated. Gurfein, J.	
May 30-73	Filed (in court) UNSIGNED ORDER (by Sullivan & Cromwell)	
May 25-73	Filed Order to Show Cause and Temporary Restraining Order. Ordered that defts. Weis Securities, Inc., Arthur Levine, Sol Leit, Alan Solomon, Joel Kubie and Robert Lynn show cause why a pre. inj. should not be granted; further ordered that pending determination of pltf. Commission's motion Weis Securities, Inc., Arthur Levine, Sol Leit, Alan Solomon, Joel Kubie and Robert Lynn, their officers, etc. be restrained as indicated. Gurfein, J.	
June 1.73	Filed Transcript of proceeding dated 5/30/73.	
June 1.73	Filed Application to reclaim property by Peter C. Ritsos. Pd. $10.00	—
Jun 4-73	MEMO.END. on Show Cause filed 5/25/73. Since the action for a pre. inj. is still pending against two the defendants, Weis Securities Inc. and Alan Solomon, the restraining order as to those named defendants is continued for 10 days. Gurfein, J.	
Jun 6.73	Filed Affidavit of Service by Joseph F. Kelly, Jr.	
Jun 1.73	Filed Bond in Trustee Liquidation in the sum of $100,000 by National Surety Co. Bond No. 2522353.	
Jun 4.73	Filed Consent Judgment of Permanent Injunction that dft. Joel Kubie, his xxx agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/4/73 Clerk Entered 6/11/73. (M/N)	✓
Jun 4.73	Filed Consent Judgment of Permanent Injunction Ordered that dft. Alan Solomon his agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/11/73 (M/N)	✓
Jun 4.73	Filed Consent Judgment of Permanent Injunction. Ordered that dft. Robert Lynn, his agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/11/73. (M/N)	✓
Jun 4.73	Filed Consent Judgment of Permanent Injunction. Ordered that dft. Sol Leit, his agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/11/73 (M/N)	✓
Jun 4.73	Filed Consent Judgment of Permanent Injunction. Ordered that dft. Arthur Levine, his agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/11/73. (M/N)	✓

73 Civil 2332
S.E.C. vs. Weis Securities, Inc., et al.

73 Civil 2332
JUDGE WYATT

DATE	FILINGS—PROCEEDINGS	AMOUNT REPORTED IN EMOLUMENT RETURNS
Jun 6.73	Filed Affidavit of Service by Steven L. Kroleski.	✓
Jun 12.73	Filed Summons and Affidavit of Service by Barry J. Mandel.	✓
Jun 14.73	Filed Consent Judgment of Permanent Injunction. Ordered that dft. Weis, its agents, etc. are permanently enjoined as indicated. Gurfein J. Judgment Entered 6/15/73 Entered 6/19/73.	
Jun 8.73	Filed Order Authorizing mailing of Commodity Claim Forms & Fixing time for Filing of Such Claims. Ordered Trustee is authorize to process commodity contract claims, etc. Further Ordered the commodity customers claims be filed with the Trustee within 60 days after 5/31/73. Gurfein J. (m/n)	✓
Jun 12.73	Filed Affidavit of Service by Barry J. Mandel.	✓
7-12-73	Filed proof of claim by Nat'l Clearing Ass'n of Securities Dealers, Inc. 2 B'way, NYC vs. Weiss Securities, Inc. in the sum of $53,827.93	✓
7-26-73	Filed affdvt. of Joel Kubie that he was served with a copy of final judgment entered on 6-4-73	✓
7-26-73	Filed affdvt. of Arthur Levine that he was served with a copy of final judgment entered on 6-4-73.	✓
7-23-73	Filed affdt. of acknowledgment by Sol leit that on July 6,1973 he was served with a certified copy of a final judgment of per. injunction entered on June 4,1973.	✓
8-16-73	Filed Transcript of Hearing dated May 25, 1973	✓
8-20-73	Filed Transcript of Hearing dated May 30, 1973	✓
July 27,73	Filed for Sol Kittay Notice of Application to Reclaim Property and Application.	
Sep-20-73	Filed Magda Gross Notice of Motion. Re:Reclaiming property. ret. 10/2/73.	
Sep.27-73	Filed Jesse D. Henry, Claimant's opposition to Trustee's disposition of claims.	
Sep-26-73	Filed Steadman income Sec. & Steadman Security Corp. affdvt. & notice of motion for permission to file a complaint against deft. Weis Securities-ret. 10/19073, Rm. 102.	
Oct.26.73	Filed Trustee's Memorandum with respect 0o application of Steadman Income securities Inc. & Steadman Security Corp. for leave to serve & file proposed complaint.	✓
Nov 1-73	Filed memo endorsed on motion filed 9=26-73--By stip. the within motion is referred to Hon. Babitt, Referee in Bankruptcy with his consent So Ordered--Wyatt, J.	
Nov.5-73	& Filed Application for Attorneys' fees and disbursements.	
Nov.20.73	Filed Applicant E.F. Hutton & Co., Inc. Notice of Motion. Re: Vacate Order Staying Suits. ret. 11/30/73.	
Aug 16.74	Filed Edward H. Kreitman Notion of Motion &supporting affidavit. vacate order or 5/30/73. ret. 8/23/74.	

D. C. 110 Rev. Civil Docket Continuation

DATE	PROCEEDINGS	Date Order or Judgment Noted
Sep.26-74	Filed affdvt of service of conformed copy of Final Judgment upon the deft.A.Solomon	
Oct. 21-74	Filed affdvt of service of conformed copy of Final Judgment upon Robert Lynn.	
Jan 14.75	Filed Trustee's Notice of Appeal from order of Bankruptcy Judge Entered in this action on 9/10/74, (notice sent to the interested parties) Originally filed in the Bankruptcy Office of Judge Babbitt.	✓
Jan 14.75	Filed Designation of record on appeal (Originally filed in the Bankruptcy Office of Judge Babitt)	
Jan 14.75	Filed letter from Judith Padilla Sec. of Judge Babitt to Dechert,Price & Rhoads dtd. 8/9/74.(originally filed in the Bankruptcy Office of Judge Babitt)	
Jan 14.75.	Filed Petition for leave to file Customer Claim by Alexander M. Swider, (Originally filed in the Bankruptcy Office of Judge Babitt) with memo. end. by Judge Babitt on the back. Application is granted. Ordered R.Babitt Bank. Judge.	
Jan 14.75	Filed Opposing affidavit by Howard F. Hart , originally filed in the Bankruptcy Office of Judge Babitt.	
Jan 1[illegible].75	Filed Memorandum of Law of Securities Investor Protection Corp., in support of Trustee's motion for summary judgment.	✓
Jan 29.75	Filed Transcript of proceeding of the Bankruptcy Court dtd. 9/10/74 - Adjourned Order to Show Cause Re: Broker Dealer "Open Contractural Commitment" Claims; Order to Show Cause Re: Broker Dealer " Customer Claims; Petition for leave to file Claim(Swider) before Hon..Roy Babitt, Referee in Bankruptcy. ([illegible])	
Feb 4.75	Filed Memorandum in support of Declaratory Judgment that reference of SIPA Liquidiation of Courts of Bankruptcy is unauthorized. [illegible]	✓
Feb 4.75	Filed Claimants Notice of Motion & Affidavit for an order pursuant to T 28 USC 2201 granting a declaratory judgment. ret. 2/14/75. [illegible]	✓
Feb 7.75	Filed Pltffs. Memorandum of Law.	✓
Feb-7.75	Filed Trustee's Reply Memorandum on appeal from order of Bankruptcy Judge permitting filing of claim nunc pro tunc.	✓
Feb 11.75	Filed Trustee's Memorandum in opposition to the motion seeking to overturn the District Court's Order referring this proceeding to a Bankruptcy Judge.	–
Feb 11.75	Filed Affidavit in opposition to the motion seeking to overturn the District Court's order referring this proceeding to a Bankruptc Judge by John S.Allee.	–
Feb 13.75	Filed Memorandum of SECURITIES INVESTOR PROTECTION CORP., in opposition to motion for Declaratory Judgment.	
Feb 13.75	Filed Affidavit by Michael E Don in opposition to the motion by Exchange Nat'l Bank of Chicago, Robert E. Slater, All American Life Inc. Co., & O'Hare Internat'l Bank (N.A.)	
Feb 13.75	Filed Movants reply memorandum in support of application for a declaratory judgment that reference of a SIPA Liquidation to Courts of Bankruptcy is unaathorized.	✓
Feb 14.75	Filed Memo. End. on Claimants motion dtd. 2/4/75. After hearing in open Court the within motion, treated also as a motion to vacate the 5/31/73 order of Judge Gurfein, is denied. It is believed the the 1970 Act, for the reasons stated on the record in open court authorizes the 5/31/73 order of reference of Judge Gurfein. So Ordered Wyatt J. (mailed notice)	
Mar 3.75	Filed Memo. End. on Notice of Appeal to District Court dtd. 1/14/75 (Originally filed in the Bankruptcy Court) The order of 9/10/74 is reversed& the claim of Mr. Swider directed to be disallowed as untimely filed. So Ordered Wyatt J. (mailed notice) (mailed copy to Bankruptcy Court)	
Mar 3.75	Filed Joint Notice of Appeal from order entered 2/14/75. (mailed notice) By Co Counsel for Exchange National Bank of Chicago & Robert E.Slater,et al.	✓
4-23-75	Filed Transcript of record of proceedings, dated 2-14-75	
4-23-75	Filed Transcript of record of proceedings, dated 2-28-75	✓
	(Continued)	

DATE	PROCEEDINGS	Date Order or Judgment Noted
5-6-75	Filed Consent Order that Levin & Weintraub is substituted as co-counsel for deft. Exchange National Bank of Chicago in place & stead of Hahn Hessen Margolis & Ryan Wyatt J. *Filed in Bankruptcy clerks office.*	
May 21.75	Filed Petitioner Appellant SolSiedman Notice of Appeal originally filed on 4/9/75 in the Bankruptcy clerks office from the order of 4/4/75 by Judge Babitt. (mailed notice) ret. 8/15/75 (ret to Bkruptcy Court 9-12-75)	
May 21.75	Filed Designation of Record by pltff. appellant Sol Seidman originally filed on 4/9/75 in the Bankruptcy clerks office. ret to Bkruptcy Court 9-12-75	
May 21.75	Filed Counter Designation of Record on Appeal by Deft. Appelle Edward S. Redington, Trustee for liquidation of the business of Weis Securities, Inc. originally filed in the Bankruptcy clerks office on 4/15/75. ret to Bkruptcy Court 9-12-75	
May 21.75	Hearing set for Notice of Appeal on 8/15/75 in room 518. Notices mailed.	
May 21.75	Filed True Copy of U.S.C.A. Mandate & Opinion, Before 3 Judge Court - Friendly CJ, Feinberg, CJ & Lasker DJ - Ordered that the order of said district is affirmed. & that the petition for a writ of mandamus &/or prohibition is dismissed in accordance with the opinion of this court with costs to be taxed against the petitioners-appelllants. Docketed as a Judgment #75,462 on 5/22/75 Entered 5/22/75. (mailed notice)	
May 29.75	Filed Notice of Appeal by claimant Robert E. Hebberd, Originally filed on 4/16/75 in the Bankruptcy Clerks Office. (mailed notice) ret. 8/15/75	
May 29.75	Filed Counter Designation of Contents for inclusion in the Record on Appeal by the Trustee Edward S. Redington, Originall filed on 5/2/75 in the Bankruptcy Clerk's Office.	
May 29.75	Filed Counter Designation of Record on Appeal by Trustee Edward S. Redington with respect to the claim of Robert E. Hebberd, Originally filed on 5/27/75 in the Bankruptcy Clerk's Office.	
May 29.75	Filed Counter Designation of Record on Appeal by Trustee Edward S. Redington with respect to the cliam of Robert E. Hebbard, Originally filed on 5/25/75 in the Bankruptcy Clerk's Office.	
May 29.75	Filed Counter Designation of Record on Appeal by Trustee Edward S. Redington with respect to the Claim of Robert E. Hebberd, Originally filed on 5/27/75 in the Bankruptcy Clerk's Office.	
May 29.75	Filed Counter Designation of Record on Appeal by Trustee Edward S. Redington with respect to the Claim of Robert E. Hebberd, Originally filed on 5/27/75 in the Bankruptcy Clerk's Office.	
May 29.75	Filed Counter Designation of Record on Appeal by Trustee Edward S. Redington with respect to the Claim of Robert E. Hebberd, Originall filed on 5/27/75 in the Bankruptcy Clerk's Office.	
May 2.75	Filed Notice of Appeal by Appellants. Originally filed on 4/17/75 in the Bankruptcy Clerk's Office. (mailed notice) ret. 8/15/75.	
Jun 2.75	Filed Notice of Appeal by Donald E. Everhart, claimant. Originally filed on 4/24/75 in the Bankruptcy Clerk's Office (mailed notice) ret. 8/15/75.	
Jun 2.75	Filed Notice of Appeal by claimant Michael Vallides. Originally filed on 4/24/75 Originally filed in the Bankruptcy Clerk's Office. (mailed notice) ret. 8/15/75	
Jun 2.75	Filed Notice of Appeal by claimantsDavid Simon & Shirley Simon. Originally filed 4/24/75 in the Bankruptcy Clerk's Office. (mailed notice) ret. 8/15/75.	
Jun 2.75	Filed Notice of Appeal by claimant Charles Fox. Originally filed on 4/21/75 in the Bankruptcy Clerk's Office (mailed notice) ret. 8/15/75	
Jun 17.75	Filed Pltff.- Appellant's Brief for Charles Fox.	
Jun 17.75	Filed Pltff.-Appellant's Brief for David & Shirley Simon.	
Jun 17.75	Filed Pltff.-Appellant's Brief for Donald E. Everhart.	
Jun 17.75	Filed Pltff.- Appellant's Brief for Michael Vallides.	
06-20-75	Filed Stip. & Order substituting Grandefeid & Goodman as attorneys for claimant Charles Fox........Wyatt, J.	
	(Continued)	

73 Civ 2332 SEC vs. Weis Securities Inc. et al. 73 Civ 2332

D. C. 110 Rev. Civil Docket Continuation

Page #7

DATE	PROCEEDINGS	Date Order or Judgment Noted
Jul 2.75	Filed Pltff. Appellants Brief in answer to the Securities Investor Protection Corp.	
Jul 2.75	Filed Brief on Behalf of Deft.-Appellee Donalde E. Everhart.	
Jul 2.75	Filed Brief on Behalf of Deft.-Appellee David & Shirley Simon.	
Jul 2.75	Filed Brief on Behalf of Deft.- Appellee Charles Fox.	
Jul 2.75	Filed Brief on Behalf of Deft.-Appellee Muchael Vallides.	
Jul 7.75	Filed Brief of Appellee Securities Investor Protection Corp.	
Jul 14.07	Filed Brief for pltff-appellant in reply to deft.-appellee. (Michael Vallides)	
Jul 14.75	Filed Brief for pltff-appellant in reply to deft.-appellee. (David & Shirley Simon)	
Jul 14.75	Filed Brief for pltff-appellant in reply to deft.-appellee. (Donald E. Everhart)	
Jul 14.75	Filed Brief for pltff-appellant in reply to deft.-appellee. (Charles Fox)	
Jul 14.75	Filed Stip & Order that the time for pltff. Appellant to file his Reply Brief with respect to the appeal is extended to 7-14-75. Carter J. (David & Shirley Simon)	
Jul 14.75	Filed Stip & Order that the time for pltff. Appellant to file his Reply Brief with respect to the appeal is extended to 7-14-75. Carter J. (Michael Vallides)	
Jul 14.75	Filed Stip & Order that the time for pltff. Appellant to file his Reply Brief with respect to the appeal is extended to 7-14-75. Carter J. (Donald E. Everhart)	
Jul 14.75	Filed Stip & rder that the time for pltff. Appellant to file his Reply Brief with respectto the appeal is extended to 7-14-75. Carter J. (Chaslés Fox)	
Jul 15.75	Filed Brief on behalf of Appellant Trustees Neva E. McGrath Vanderlip & Sims McGrath.	
Jul 22.75	Filed Seidman Brief on appeal to the U.S.D.C. Southern District of NY .	
Jul 22.75	Filed pltff. appellant Stock Clearing Corp. Notice of Appeal Originally filed in the Bankruptcy Clerk's Office on 6-19-75. from the order of the Hon. Roy Babitt on 6-13-75. (mailed notice) Ret. 8-15-75 (8-1-75 Mailed 2nd Notice)	
Jul 22.75	Filed Designation of Record on Appeal Before the District Court by appellant Stock Clearing Corp. (sent to Bankruptcy Court 8-29-75)	
Jul 17-75	Filed Claimant Florence Borghi Counter Statement of issue on appeal.	
Jul 23.75	Filed letter to Clerk dtd. 2-13-75 from Hughes Hubbard & Reed. Re: SIPC Liquidation proceeding.	
Jul 28.75	Filed Memorandum of Law of Securities Investor Protection Corp., in opposition to applications for extensions of time to file notice of appeal.	
08-01-75	Filed Stip & Order that the time for Trustee & of the Securities Investor Protection Corp. to file their briefs on appeal is extended to 8-8-75. Conner J.	
08-05-75	Mailed Notice to the parties for the Stock Clearing Corp. Notice of appeal that 9-19-75 is the return rather than 8-15-75.	
08-11-75	Filed Memorandum on appeal of Stock Clearing Corp. in support of Reclamation.	✓
08-12-75	Filed Notice of Appeal Originally file in Bankruptcy Court dtd. 6-26-75 from the order of the Bankruptcy Judge entered on 6-19-75 granting Claimant Florence Borghi leave to file a claim. Ret. 9-5-75 (mailed notice)	
08-12-75	Filed Designation of Contents of Record on appeal & Statement of Issue Originally filed in the Bankruptcy Court on 7-8-75 (for Florence Borghi.) 10-6-75 sent to Bkptcy Clerk)	
08-12-75	Filed Envelope with Original Papers filed in the Bankruptcy Court for Claimant Florence Borghi to returned after appeal is decided)	
08-14-75	Filed Stip & Order that that date for argument on appeal is adjourned to 9-5-75. Wyatt J. McGrath	✓
08-19-75	Filed Stip & Order that Claimant's Claim with respect to his Securities account with the debtor shall be allowed by the Trustee. & the Trustee shall pay to Claimant $6,519.29 in full satisfaction of such claim. All Claims of Claimant against the Debtor & the Trustee & the estate of the Debtor shall be dismissed shall be dismissed with prejudice. Wyatt J. - (Sent to Bankruptcy Clerk's office with add'l papers)	
	(Continued)	

73 Civil 2332 **SEC vs. Weis Securities Inc.**

Wyatt J. PG#8

DATE	PROCEEDINGS	Date Order or Judgment Noted
08-20-75	Filed Stip & Order that the time for the oral argument of the appeal of Applicant Appellant Sol Seidman is adjourned to 9-5-75 & that the time for the Trustee & the Securities Investor Protection Corp. to submit their briefs is extended to 8-29-75. Wyatt J.	✓
08-25-75	Filed Trustee's Memorandum on appeal in opposition to Stock Clearing Corp.'s, reclamation claim.	
08-27-75	Filed Appellant's (Edward S.Redington,Trustee) brief on appeal from Order of Bankruptcy Judge.	
08-28-75	Filed Designation of Contents of Record by Appellant Charles Fox.	
08-28-75	Filed Designation of Contents of Record by Appellant Michael Vallides.	
08-28-75	Filed Designation of Contents of Record by Appellant David & Shirley Simon.	
08-28-75	Filed Designation of Contents of Record by Appellant Donald E. Everhart.	
08-28-75	Filed Stip & Order that the pending appeal for Michael Vallides is hereby adjourned to 9-5-75 in room 706.Etc. Wyatt J.	✓
08-28-75	Filed Stip & Order that the pending Appeal for Charles Fox is adjourned to 9-5-75 in room 706,Etc. Wyatt J.	✓
08-28-75	Filed Stip & Order that the pending Appeal for Donald E. Everhart is adjourned to 9-5-75 in room 706,Etc. Wyatt J.	✓
08-28-75	Filed Stip & Order that the pending Appeal for David & Shirley Simon is adjourned to 9-5-75 in room 706,Etc. Wyatt J.	✓
08-29-75	Filed appellee's brief on appeal from order of bankruptcy Judge	✓
09-02-75	Filed Reply Memorandum on appeal of Stock Clearing Corp., in support of reclamation.	
09-02-75	Filed Memorandum of th4 Securities Investor Protection Corp. in support of the Trustee on appeal from the the order of Bankruptcy Judge.	
09-03-75	Filed brief of Merrill, Lynch, Pierce, Fenner & Smith,Inc. as amicus curiae.	✓
09-03-75	Filed briefon behalf of Pltff.-Appellant, Charles Fox.	
09-03-75	Filed brief on behalf of Pltff.-Appellant, Michael Vallides.	
09-03-75	Filed brief on behalf of Pltff.-Appellants, David & Shirley Simon.	
09-03-75	Filed brief on behalf of Pltff.-Appellant, Donald E. Everhart.	
09-03-75	Filed brief on behalf of Deft.-Appellee (Trustee), Re: Charles Fox.	
09-03-75	Filed brief on behalf of Deft.-Appellee (Trustee), re: David and Shirley Simon.	
09-03-75	Filed brief on behalf of Deft.-Appellee (Trustee), re: Michael Vallides.	
09-03-75	Filed brief on behalf of Deft.-Appellee (Trustee), re: Donald E.EVerhart.	
09-05-75	Filed Appellee's brief in reply to brief of Amicus Curiae (Merrill, Lynch, etc.).	✓
09-09-75	Filed Opinion # 43050. As to the 2 appeals by Claimants David & Shirley Simon from orders of Bankruptcy Judge Babitt. The first appeal must be dismissed as untimely taken. On the 2nd appeal the order of 7-22-75 is affirmed. Wyatt J. (mailed notice)	✓
09-09-75	Filed Opinion #43051.As to the 2 appeals by Claimant Everhart from orders of Bankruptcy Judge Babitt. The first appeal must be dismissed as untimely taken. On the 2nd appeal the order of 7-22-75 is affirmed. Wyatt J. (mailed notice)	✓
09-09-75	Filed Opinion #43052.As to the 2 appeals by Claimant Fox from orders of Bankruptcy Judge Babitt. The first appeal must be dismissed as untimely taken. On the 2nd appeal the order of 7-22-75 is affirmed. Wyatt J. (mailed notice)	✓
09-09-75	Filed Opinion #43053.As to the 2 appeals by Claimant Vallides from orders of Bankruptcy Judge Babitt. The first appeal must be dismissed as untimely taken. On the 2nd appeal the order of 7-22-75 is affirmed. Wyatt J. (mailed notice)	✓
09-10-75	Filed Truste Edward S. Redington Trustee Answer.	HHR ✓
09-09-75	Filed Memo. End. on Seidman Brief on appeal to the SDNY dtd. 7-22-75.The April 4, 1975, order of the Bankruptcy Judge was correctly made & is affirmed. Wyatt J. (mailed notice)	
	(Continued)	

73 Civil 2332 SEC vs. Weis Secertites Inc. 73 Civil 2332

6

D. C. 110 Rev. Civil Docket Continuation

Wyatt J. Pg. #9

DATE	PROCEEDINGS	Date Order or Judgment Noted
09-18-75	Filed Designation of Contents of Record on appeal & Statement of issued by Appellant Eli Fishman Originally filed in the Bankruptck Court on 9-12-75	
09-18-75	Filed Notice of Appeal by Eli Fishman Orginally filed in the Bankruptcy Court on 7-7-75 from the order of Bankruptcy Judge Babitt on 6-13-75. (mailed notice) Ret. 10-24-75 (ret 11-17-75 to Bankruptcy Court)	
09-26-75	Filed Appellee's Brief on appeal from Order of Bankruptcy Judge. (Florence Borghi.	
09-29-75	Filed Pltff, Appellant Sol Siedman Notice of Appeal to the U.S Court of Appeals from Judgment dtd. 9-9-75. (mailed notice)	✓
10-03-75	Filed Appellant's reply Brief on appeal from Order of Bankruptcy Judge. (Edward S. Redington, Trustee)	✓
10-03-75	Filed Stip & Order that the date for argument on appealed is adjourned from 10-24-75 to 11-14-75. Wyatt J. (Claim of Eli Fishman)	✓
10-06-75	Filed MEMORANDUM (Florence Borghi, Pltff.Appellee) . . .The order of the Bankruptcy Judge file on June 19, 1975 is reversed. So. Ordered-Wyatt, J. (m/n)	✓
10-09-75	Filed Transcript of proceedings dtd.9-5-75.	
10-20-75	Filed Stipulation that a partial record will be transmitted to the USCA in lieu of entire file, attached is copy of index which counsel stipulate to transmit as record on appeal.	✓
10-21-75	Filed Appeal in support of Appellant Claim against Trustee for Weis Voisin Bankruptcy Liquidiation by Debtor Claim of Eli Fishman, Claimant.	✓
10-20-75	Filed Notice of Record on Appeal to the USCA consisting of Stipulated documents. (Sol Seidman	
10-10-75	Filed Notice of Entry of Consent & Judgment dtd. 9-16-75.	
10-28-75	Filed Opinion #43299. The order of the Bankruptcy Judge Babitt entered on 6-13-75, is affirmed. Wyatt J. (mailed notice) (Stock Clearing)	✓
10-30-75	Filed Claimant Florence Borghi Notice of Appeal from the order dtd. 10-3-75 by Judge Wyatt. (mailed notice)	✓
11-03-75	Filed Trustee- Appealee's Memorandum in response to appeal by Claimant Appellant Eli Fishman.	✓
11-03-75	Filed Stip &Order that the appeal of claimants, Neva E.McGrath Vanderlip & Sima McGrath ,etc. is withdraw & the action is dismissed with prejudice,without costs to any party. Wyatt J.	✓
11-13-75	Filed Claim of Eli Fishman, Claimant Appellant - Claimant's response to Trustee's Memorandum.	✓
11-17-75	Filed Memorandum Order. Re: Appeal of Eli Fishman from the order of Bkrptcy Judge Babitt dtd. 2-23-75. The order of June 23,1975 is affirmed. Wyatt J. (mailed notice)	✓
11-21-75	Filed Pltff, Appellant Stock Clearing Corp. Notice of Appeal from order of Hon. Inzer B.Wyatt dated 11-28-75. (mailed notice)	✓
11-28-75	Filed Notice of Certification of Record on Appeal/ Supplemental.	
12-01-75	Received from the Bankruptcy Court Appeal of Truxtee for Claimaints for the Trustee Settlement Option writing accts. & Cash in lieu in Securities Ret. 1-16-76 - (mailed notices).	
12-9-75	Filed stipulation that partial records be transmitted to the U.S.C.A.P. which contain documents, as indicated in the index to the Record On Appeal annexed hereto., Indexed attached.	✓
12-10-75	Filed Supplemental Stipulation that partial records will be transmitted to the USCA shall contian those documents, including exhibits thereto Including in the the index to the Record on Appeal. Index Attached.	
12-10-75	Filed Notice tha the recondon appeal has been certified and transmitted to the U.S.C.A.P. this date as indicated.	
12-10-75	Filed Notice that the supplemental record on appeal has been certified and transmitted to the U.S.C.A.P. this date.	

Continued

Pg 10.

DATE	PROCEEDINGS	Date Order or Judgment Noted
12-15-75	Received from Bankruptcy Court foleder consisting of designations of contenas of Record On Appeal and statement of issues and Notice of Appeal for claimant Glaser etc. as indicated., rtble Jan 16- 1976 before Wyatt, J. M/N Rec'd 1-22-76 Sent to [illegible]	
12-19-75	Filed transcript of Record of Proceedings dtd 9-5-75.	
12-19-75	Filed brief on behalf of applellant trustee on appeal from order of Bankruptcy Court.	✓
12-19-75	Filed Affidavit of Service by Nicholas Andriole dtd 12-19-75.	✓
12-30-75	Filed Apellant's Brief on appeal from order of Bankruptcy Judge.	
1-5-76	Filed Brief of Dan Moody Jr. dtd. 12-30-75.	✓
1-5-76	Filed Brief of Appellant Securities Investor Protection Corporation.	✓
12-29-75	Filed true copy from the U.S. C. A. that the ppeal by pltff appellant in the above matter referred to is discontinued with prejudice and without costs.	✓
1-12-76	Filed Maury Ray Claimant - Respondent Appellant Brief in support of his appeal & in opposition to Trustee's Appeal from Order of Bankruptcy Court.	
1-13-76	Filed Affidavit of Service by Nicholas Andriole.	✓
1-13-76	Filed Trustee Reply Brief on behalf of Appelaant Trustee.	✓
1-14-76	Filed Appellee's Gunther G. Glaser Brief on appeal from order of the Bankruptcy Judge.	✓
1-9-76	Filed Notice that the record on appeal will be placed on the Miscellaneous Motion Calendar in the U.S Dist. Court for 2:30 PM in room 2703 on 1-16-76.	
1-12-76	Papers constitute the record of the appeal of United Mizrahi Bare Ltd. from the ordera of Bankruptcy Judge Babitt(Original Papers filed in Bkrptcy Room 201 to be sent back as soon as a decision is rendered)	
1-15-76	Filed Trustee Reply Brief to Appellee Glaser.	✓
1-15-76	Filed Appellee Glaser's Notice of Motion to dismiss Appeal.	✓
1-15-76	Filed Memorandumax on behalf of Jules Lipow, customer of Weis Securities, Inc.	
1-1[illegible]-76	Filed Reply Memorandum on behalf of Jules Lipow, to Trustee.	
1-1[illegible]-76	Received from Bankruptcy Court folder consisting of designation of contents of Record on Appeal & statement of issues & Notice of Apeal or claimant United Mizrahi Bank Ltd. etc. Ret. 3-26-76 before Judge Wyatt Room 318. (mailed notice)	
1-20-76	Filed memo endorsed on Notice of Appeal filed 11-6-75: The within appeal was heard in open Court on this dated and for the reasons given in open Court The Order of 10-28-75 is reversed and the Claim of Mr. Glaser is directed to be disallowed as untimely filed. Wyatt, J. M/N To BANKRUPTCY.	
1-20-76	Filed memo endo sed on Notice of Appeal filed 11-9-76. : The within appeal was haeard in open Court on this date and for the reasons given in open Court the order of 10-28-75 is reversed and the claim of Mr. Glaser is directed to be disallowed as untimely filed. Wyatt, J. M/N (To Bankruptcy.	
1-23-76	Filed Reply Brief of Dan Moody Jr., in reply to the reply brief on behalf of Appellant Trustee on 1-16-76.	✓
1-23-76	Filed memorandum of Trustee concerning account of John H. Daum by Hughes, Hubbard and Reed (Attys for Trustee).	
1-23-76	Filed Affidavit of Service by Mario A. Rosado, dtd. 1-23-76	
1-28-76	Filed stip & order that the deft Appellant's time to file and serve his brief is extended to 2-3-76. Wyatt, J.	
2-3-76	Filed Appellants brief on appeal from order of Bankruptcy Judge.	
2-18-76	Filed stip & order that pltff Appellee's time to file and serve his brief is extended to 3-3-76. Wyatt, J.	✓
2-19-76	Filed Transcript of record of proce dings, dtd. 1-16-76.	✓
2-20-76	Filed Notice that Gunther G. Glaser appeals to the U.S.C.A.P. from an order of Wyatt, J. dated 1-23-76. Maile Notice to HUGHES HUBBARD & REED 1 Wall Street, N.Y.C. N.Y. 10005	✓
2-23-76	Filed memorandum concerning account of John H. Daum, dtd 2-9-76.	
2-23-76	Filed amedment to the memorandum datd. 2- 17-76.	
2-23-76	Filed memorandum of securities investor Protection Corp. in support of trustees disallowance of claims.	

S.E.C. VS WEIS SECURITIES INC. 73 Civ 2332

Pg 11

DATE	PROCEEDINGS
3-1-76	Filed letter from Hughes Hubbard & Reed to Wyatt, J. dtd 2-19-76.
3-1-76	Filed pamphlet- An explanation of the Securities Inestor Prtection Act of 1970.
3-1-76	Filed Notice concerning the Liquidation of Weis Securities Inc. by Hughes Hubbard & Reed Counsel for the Trustee.
3-1-75	Filed Copy of Chapter X Closing Transactions.
3-1-76	Filed Accompanying statement and attachments by Edward S. Redington, Trustee.
3-1-76	Filed Transcript of Record of Proceedings dated 1-16-76.
3-1-76	Filed Directory & Guide of Securities Industry Association (75).
3-1-76	Filed 1975 Annual Report of Securities Industry Association.
3-1-76	Filed Puts & Calls Customers agreements dtd 9-28-72.
3-1-76	Filed put & call options Wilkins -Rose Inc. (Expires 1-15-74).
3-2-76	Filed Opinion # 43977: On the cross appeal of Daum, to the extent that the order of the Bankruptcy Judge dealt with the matters, that order is affirmed. On the cross appeal of Lipow, two points are raised. The first is that his net equity was not increased by a sufficient amount. Inasmuch as it has been already held that no increase in net equity is jutified, this part of the cross appeal is dismissed as moot. The other point raised by Lipow is that he was not delivered by the trustee all of his long securities in kind but instead was credited with cash. This same point has already been discussed in connection with the appeal of Daum and on this part of the cross appeal the order of the Bankruptcy Judge is affirmed, Wyatt, J. M/N.
3-3-76	Filed Appellee's (UNITED MIZRAHI BANK LTD) brief on appeal from order of Bankruptcy Judge.
3-8-76	Filed memorandum of Securities Investor Protection Corp. etc, as indicatd.
✓ 3-9-76	Filed stip & order that the deft appellants time to file and serve his reply brief is extended to 3-15-76. Wyatt, J.
3-15-76	Filed appellant's Reply brief on appeal from Order of Bankruptcy Judge.
3-16-76	**Filed letter to Mr. Dan Moody, Jr. dtd. 3-12-76. Re: Motion for rehearing .**
3-16-76	**Filed Mr. Dan Mooody Jr.'s Motion for Rehearing on appeal RE: Option Writing ~~XXXXX~~. Accounts. Ret. Sine Die.**
3-[illegible]-76	Filed true copy of an order from the U.S.C.A.P. that the appeal from the judgment of the U.S.D.C. is hereby dismissed.
3-26-76	Filed Notice that Jules Lipos, in the above matter (claimant), hereby appeals to the U.S.C.A.P. from tnose parts of a final Judgment dted 3-2-76 of the U.S. DISTRICT Court. Mailed Notices to all parties indicated.
3-31-76	Filed Notice that Maury Kay a claimant in the above matter , hereby appeals to the U.S.C.A.P. from the parts of a final judgment dtd. 3-2-76 of the U.S.D.C. Mailed Notices to all parties indicated.
3-8-76	Filed one envelope containing the record of the appeal from the order of Bankruptcy Judge Babbitt, to Wyatt, J. (Claimant Schweickart & Co)
4-9-76	Filed Notice that the supplemental record on appeal has been certified and transmitted to the U.S.C.A.P. this dated.
4-12-76	Filed True Copy ofa na order from the U.S.C.A.P. affirming the Judgment of the District Court witn costs to be taxed against the appellant. Florenc Borghi. Judgment Entered Clerk. 4-12-76. M/N.
✓ 5-7-76	Filed Consent Order that the firm of Lumney, & Crocco. be substituted as attys of record for Schweickart Co. in stead of Brown Wood, ~~etw~~ Ivey & Mitchell & Petty as the date indicated. Wyatt, J.
5-14-76	Filed one envelope containing the record of the appeal from the order of Rem sol. [illegible] Bankruptcy Judge Babbitt, to Wyatt, J. (Claimants Robert N. Baxter & Leonard Koval.
✓ 5-14-76	Filed Transcript of record of proceedings dtd 1-16-76.
5-17-76	Filed true copy of an order that the appeal of Jules Lipow to the U.S.C.A.P. from th order of the THE U.S.D.C. FOR THE S.D.OF N.Y. is hereby dismissed. M/N.
5-19-76	Filed appellee's brief on appeal from order of Bankruptcy Judge.

7 3 Civ 2332 WEISS SECURITIES, Pg. 12

DATE	PROCEEDINGS
5-19-76.	Filed memo endorsed on appeal from the Bankruptcy Judge Babbitt filed 11-20-75 The Order of Nov 20, 1975 is reversed and the matter is remanded to the Bankruptcy Judge for the entry of an order using the 80% -20% allocation first approved in the June 20,1974 order. Wyatt, J. M/N.
4-9-76	Filed transcript dated 1-16-76
4-9-76	Filed transcript dated 2-18-76
6-3-76	Filed Appellee's Brief on appeal from order of Bankruptcy Judge,.
8-13-76	Filed Memo. End. on Brief dtd. 8/3/76. Re: Claim of Robert N.Baxter & Leonard Koval, The April 13,1976 Order is affirmed....Wyatt J.(mailednotice)
8-13-76	Filed 2nd Memo End. on Brief dtd. 8/3/76. Re: Claim of Robert N. Baxter & Beverly R. Koval. The April 13,1976 Order is affirmed....Wyatt J. (mn)
9-21-76	Filed Notice of Motion by Attys for Trustee for an order purs to Section 41b of the Bankruptcy Act and Bankruptcy Rule 920 adjudging Sol Leit, the former president and director of the debtor to submit to examination, etc, rtble before Wyatt, J. on 10-1-76.
9-21-76	Filed memorandum of law by trustee. (Hughes Hubbard & Reed).
9-23-76	Filed Affidavit & Notice of Motion for an order granting New York Stock Exchange Inc. leave to participate in this proceeding amicus curiae, by filing a memorandum of law, etc, rtble on 10-1-76.
9-23-76	Filed memorandum of New York Stock Exchange Inc. in support of motion for leave to appear amicus curiae.
9-28-76	Filed Affidavit by Harold N. Schwinger, atty for Chemical Bank in opposition to the motion of the New York Stock Exchange, etc, as indicated.
10-1-76	Filed Affidavit of Sol Leit, in opposition to the motion made by the trustee etc, as indicated.
10-1-76	Filed memorandum of law in opposition to motion to punish for contempt.
10-4-76	Filed memo endorsed on motion filed. 9-21-76. The within motion is granted, Settle Order on Notice. Wyatt, J. M/N.
10-4-76	Filed memoendorsed on motion filed 9-23-76. The motion is granted. Wyatt, J.
10-12-76	Filed Order that the the said Sol Leit is in contempt of Court for disobeying the lawful order of the Bankruptcy Judge herein to testify, and further ordered that said Sol Leit shall appear for examination purs to Bankruptcy Rule 205 and shall testify by deposition under oath, continuing from day to day until completed by the 19th of October, at the offices of Hughes Hubbar & Reed, and should he not appear at same he shall be subject to being committed to the custody of the U. S. Marshal until he shall obey such lawful orders, Wyatt, J. M/N.
10-15-76	Filed Notice of Entry of Order by Attys for Trustee as indicated.
10-14-76	Filed True Copy of a Judgment from the U.S.C.A.P. affirming the order of said District Court with costs to be taxed against the appellant. Judgment #76, 925 M/N.
10-22-76	Filed One Envelope containing papers of the record on appeal of Claims of George D. Eldrich et-al as indicated. Notified - Mailed Notice 12-3-76 Rm 1506 at 2:30PM
10-28-76	Filed Affidavit & Notice of Motion by attys for General United Life Ins. Co. All America Life and Casualty Co. and Robert Slater for an order dismissing the appeals of the Trustee and SIPC from the order of Bankruptcy Judge Roy Babbitt, etc, rtble on 11-12-76.
10-28-76	Filed memorandum of law in support of motion by claimants to dismiss appeals of trustee etc, as indicated.
11-4-76	Filed Affidavit & Notice of Motion by Weis Voisin & Co Inc Employees Profit -Sharing Plan & Trust, rtble, on 11-12-76.
11-4-76	Filed memorandum in support of motion by Weis Voisin & Co Inc, etc, as indicated.
11-8-76	Filed Trustee's Brief on appeal from order of Bankruptcy Judge.
11-9-76	Filed Affidavit of Trustee Hughes Hubbard & Reed in opposition to motion to dismiss appeals.
11-10-76	Filed Brief of Appellant Securities Investor Protection Corp. as indicated.
11-11-76	Filed Notice of Motion by Didelity Corporation for an order dismissing the appeals of the trustee in liquidation of Weis Securities, Inc. rtble on 11-12-76 as indicated.

CONT TO PG 13

73 Civ 2332 S.E.C. VS. WEISS SECURITIES,

DATE	Pg. 13 PROCEEDINGS
✓ 11-11-76	Filed Memorandum in support of motion Fidelity Corp. to dismiss the appeals as indicated.
✓ 11-12-76	Filed appeal from order of Bankruptcy Judge, (AmicusCURIAE BRIEF OF NEW YORK STOCK EXCHANGE, INC.
11-09-76	Filed Affidavit of Harold N. Schwinger of chemical Bank in support of the separate motions brought by General United Life Ins. Co. etc, as indicatee.
11-15-76	Filed memo endorsed on motion filed 11-11-76. Motion denied. Wyatt, J. M/N
11-15-76	Filed memo endorsed on motion filed 11-3-76. Motion denied. Wyatt, J. M/N.
11-15-76	Filed memo endorsed on motion filed 10-28-76. Motion denied. Wyatt, J. M/N.
11-15-76	Filed memo endorsed on motion filed 11-15-76. Motion denied. Wyatt, J. M/N.
✓ 11-22-76	Filed Brief of respondent, Chemical Bank Successor of Security National Bank.
✓ 11-22-76	FiledBrief on appeal of Claimants George D. Aldrich, et -al as indicated.
✓ 11-26-76	Filed Answering Brief of Appellees Life & Casualty Compny, etc, as indicated.
✓ 11-26-76	Filed Stip & Order that the time for claimants named to serve and file their brief on the appeal etc, is extended to 11-26-76. Wyatt, J.
✓ 11-23-76	Filed memorandum of Appellee Weis, Voisin & Co. Inc. Employees Profit Sharing Plan and Trust.
✓ 11-30-76	Filed Trustees Brief in reply to Brief of Employees' profit sharing pland and trust.
✓ 11-30-76	Filed Trustees Brief in reply to Briefs of all lenders.
12-1-76	Filed Claimants Answers to trustees interrogatories.
✓ 12-1-76	Filed Claimants answer to request for production of documents, as indicated.
✓ 12-2-76	Filed Brief of the Securities and Exchange Commission.
✓ 12-3-76	Filed motion of Atty Genl W. J. Solt to dismiss the appeal of the trustee as indicate
12-3-76	Filed memo endotsed on motion filed 12-3-76. The motion is denied. Wyatt, J. M/N.
✓ 12-3-76	Filed stip & order that the time of trustee appellant to serve and file the reply brief is extended to 11-30-76. Wyatt, J.
✓ 12-3-76	Filed Brief of the Securities & Exchange Commission as indicated.
✓ 12-6-76	Filed Affirmation of Service of Brief on app.
12-13-76	Filed Certificate of Service by Irving H. Picard, dtd. 12-2-76.
✓ 12-13-76	Filed Brief of the Securities & Exchange Commission as indicated.
✓ 1-20-77	Filed Brief on appeal of Claimant Fidelity Corp.
✓ 1-21-77	Filed Opinion #45540. The order appealed from is reversed & the matter is remanded to the Bankruptcy Judge for further proceedings consictent with this opinion.....Wyatt J. (mailed notice & copy to Bahkruptcy Judge)
✓ 2-14-77	Filed Eva Grossmann, Notice of appeal to 2nd Circuit from the order of the U.S.D.C. for S.D.of N.Y. reversing the Order of the Bankruptcy Court and granting a summary judgment to the Trustee for the liquidation of the business of Weis Securities, Inc., entered in this action on the 21st. day of Jan. 1977.Mailed copies.
✓ 2-16-77	Filed Claimants notice of appeal to 2nd Circuit from the order of District Judge Wyatt reversing the order of Bankruptcy Judge Babitt which denied the trustee's motion for summary judgment on his objections to the claims of the above claimants, which order was entered on the 20th day of Jan. 1977. Mailed copies.
✓ 2-17-77	Filed Claimants, (Chemical Bank,) notice of appeal to 2nd Circuit form the order dated 1/20/77 entered in this Bankruptcy proceeding on the 21st day of January 1977, in favor of Edward S. Redington, as Trustee, reversing the order of Bankruptcy Judge Roy Rabitt, dated July 16,1976. Mailed all copies.
✓ 2-17-77	Filed claimants (Chemical Bank) appeal bond in the sum of $250.00 - Fidelity and Deposit Co.

CONT'D ON PAGE 14

73 Civ. 2332 (I.B.W.) Wies Securities Inc., vs. Claims of George Aldrich, ET AL

PAGE. 14

DATE	PROCEEDINGS
-22-77	Filed Claimants George Aldrich, Et. Al. notice of appeal to 2nd Circuit from the order of the U.S.D.C. for the S.D.N.Y. reversing the Order of th Bankruptcy Corut and granting a summary judgment to the Trustee for the liquidation of the business of Weis Securities Inc., entered in this adtion on the 21st day of January, 1977. Mailed all Copies.
2-22-77	Filed Appellants (Weis, Voisin & Co., Inc.,) notice of appeal to the 2nd Circuit from the Order of the U.S.D.C. for the S.D.N.Y. reversing the order of the Bankruptcy Court dated August 26, 1976. Mailed all copies.
2-22-77	Filed notice of filing of notice of appeal on 2-22-77 of Appellant Weis Voisin & Co., Inc.
2-28-77	Filed Stip & order of admission Pro Hac Vice of Jay Kelly Wright....WYATT
2-28-77	Filed appeal bond in the sum of $250.00 National Surety Corp.
-1-77	Filed Claimants Fidelity Corp. notice of appeal to the 2nd Circuit from the order of the U.S.D. C. for the S.D.N.Y. entered on Jan. 21, 1977 reversing the order of Bankruptcy Court and granting summary judgment th the Trustee of Weis Securities, Inc.. Mailed all copies.
-16-77	Filed Notice of appeal of Arthur J. Kreizel, to the 2nd Circuit from the of District Judge Wyatt reversing the order of Bankruptcy Judge Babitt, which denied the Trustee's motion for summary judgment on his objections to claims about whith order was entered the 20th day of Jan. 1977 Mailed all copies. on 3-18-77.
3-21-77	Filed memorandum of law of Securities Ivnestor protection Corp. in opposition to claims for customer status.
-24-77	Filed notice that the original record on appeal has been certified and transmitted to the U.S.C.A.
3-25-77	Filed order that the clerk be and he hereby is directed to rransmit to the Clerk of the Court of Appeals for the 2nd Circuit the following designated documents and papers for inclusion in the record of appeal; (1) Complaint of Securities and Exchange Commission against Weis Securiti Inc., et.al. dated 5-24-73 (2) Affdvt. of Jeffrey S. Morrison dated May 23, 1973 (3) memorandum of the Securities and Exchange Commission dated Jan. 31, 1975 and letter dated Jan. 14, 1975...So Ordered..WYATT.J.

A TRUE COPY
RAYMOND F. BURGHARDT, Clerk

By
Deputy Clerk

APPLICATION OF SECURITIES INVESTOR PROTECTION CORPORATION DATED MAY 24, 1973

ENTERED
5/24/73

FILED
U.S. DISTRICT COURT
MAY 24 12 42 PM '73
S.D.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

73 CIV. 2333

JUDGE WYATT

* *

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

– against –

WEIS SECURITIES, INC.,
Defendant.

* *

73 Civil No.

APPLICATION

FILED
MAY 24 1973
ROY BABITT
REFEREE IN BANKRUPTCY

(2)

Applicant Securities Investor Protection Corporation ("SIPC") for its application respectfully alleges that:

1. SIPC is a nonprofit membership corporation created by the Securities Investor Protection Act of 1970, 15 U.S.C. § 78aaa, _et seq_. ("1970 Act").

2. Defendant Weis Securities, Inc., a member of SIPC, is a broker-dealer registered with the Securities and Exchange Commission, having its principal office and place of business at 17 Battery Place North, New York, New York 10004.

3. This proceeding arises under the 1970 Act, more particularly Section 5(a)(2) thereof, 15 U.S.C. § 78eee (a)(2), whereby jurisdiction of this proceeding is conferred upon this Court.

116

4. On May 24, 1973, plaintiff Securities and Exchange Commissio ("Commission") filed a complaint against the defendant broker-dealer wherein it alleged, among other things, that said defendant is not in compliance with the financial responsibility requirements of Section 15(c)(3) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 15c3-3 promulgated thereunder, and Rule 325 of the New York Stock Exchange.

Pursuant to Section 5(a)(3) of the 1970 Act, 15 U.S.C. § 78eee (a)(3), and with the consent of the Commission, this application is combined with the Commission's action.

5. Based upon the allegations contained in the Commission's complaint filed herein, and upon sufficient information, SIPC has determined the fact that the defendant broker-dealer is in danger of failing to meet its obligations to customers within the meaning of Section 5(a)(2) of the 1970 Act, and that of the conditions specified in Section 5(b)(1)(A) of the 1970 Act, 15 U.S.C. § 78eee (b)(1)(A), one or more exist with respect to the defendant broker-dealer, among which is that the said defendant is not in compliance with the applicable financial responsibility requirements referred to in paragraph 4 hereof.

6. By reason of the facts hereinabove alleged, the customers of the defendant broker-dealer are in need of the protection provided by the 1970 Act, and this Court should make such an adjudication pursuant to Section 5(b)(1) of the 1970 Act, 15 U.S.C. § 78eee (b)(1), (the "Protective Adjudication").

7. Section 5(b)(3) of the 1970 Act, 15 U.S.C. § 78eee (b)(3), provides that upon making a Protective Adjudication the Court shall "appoint as trustee for the liquidation of the business of the debtor ... and as attorney for such trustee, such persons as SIPC shall specify." Pursuant to that section, SIPC respectfully designates (i) for appointment as trustee for the liquidation of

the business of the defendant broker-dealer Edward S. Redington, Esquire, of the law firm of Hughes, Hubbard & Reed, One Wall Street, New York, New York 10005; and (ii) for appointment as counsel for such trustee the law firm of Hughes, Hubbard & Reed, One Wall Street, New York, New York 10005; which persons SIPC has determined are qualified to serve. SIPC is informed that the trustee and counsel to the trustee may file a joint fee request, and SIPC considers this to be appropriate.

8. Pursuant to Section 5(b)(2) of the 1970 Act, 15 U.S.C. § 78eee (b)(2), pending the making of a Protective Adjudication and upon the appointment of a trustee, the Court is required to stay "any pending bankruptcy, mortgage foreclosure, equity receivership or other proceeding to reorganize, conserve, or liquidate the debtor or its property and any suit against any receiver, conservator, or trustee of the debtor or its property."

9. Pursuant to Section 5(b)(2) of the 1970 Act, 15 U.S.C. § 78eee (b)(2), pending the making of a Protective Adjudication and upon the appointment of a trustee, the Court is also empowered to stay "any proceeding to enforce a lien against the property of the debtor or any other suit against the debtor," and pursuant to Section 6(c)(1) of the 1970 Act, 15 U.S.C. § 78fff (c)(1), the Court is further empowered, for such period as may be appropriate, to stay "enforcement of ... the rights provided in Section 68 of the Bankruptcy Act and the right to enforce a valid, nonpreferential lien or pledge against the property of the debtor."

10. The stays authorized or required by the 1970 Act, as hereinabove alleged and the relief hereinafter requested, should be granted pending the further order of this Court, in order to safeguard and protect the assets of

the defendant broker-dealer for the benefit of its customers and other creditors entitled thereto, and in the interest of an orderly liquidation of the said defendant's business.

11. SIPC has made no previous application to any Court or Judge thereof for the relief herein requested.

WHEREFORE, SIPC respectfully prays and demands:

I. A. That the Court enter a decree adjudicating that the customers of the defendant broker-dealer are in need of protection under the 1970 Act.

B. That the Court (i) appoint as trustee Edward S. Redington, Esquire, of the law firm of Hughes, Hubbard & Reed, One Wall Street, New York, New York 10005; and (ii) appoint as counsel to the trustee the law firm of Hughes, Hubbard & Reed, One Wall Street, New York, New York 10005.

C. That the Court order, pursuant to Section 5(b)(2) of the 1970 Act, 15 U.S.C. § 78eee (b)(2), that during the period of this proceeding all creditors of the defendant broker-dealer and all other persons, firms and corporations, including sheriffs, marshals and other officers and their deputies and the respective attorneys, servants, agents and employees of all such persons be stayed, enjoined and restrained from commencing, prosecuting, continuing or enforcing any suit or action or proceeding of any kind against the defendant broker-dealer, or the said trustee, without a prior order of this Court;

provided however that this stay shall not apply to any suit, action or proceeding of any kind brought or to be brought by plaintiff Securities and Exchange Commission, or to any administrative proceeding brought or to be brought by any self-regulatory organization as defined in Section 12(1) of the 1970 Act, 15 U.S.C. § 78lll(1).

D. That the Court order that, pursuant to Section 6(c)(1) of the 1970 Act, 15 U.S.C. § 78fff (c)(1), all creditors of the defendant broker-dealer, and all other persons be stayed, enjoined and restrained for a period of twenty-one (21) days after the date of entry of said order, or such other time as may subsequently be ordered by this Court, from enforcing valid, nonpreferential liens or pledges against the property of the defendant broker-dealer, and from exercising the set off of debts provided for in Section 68 of the Bankruptcy Act, 11 U.S.C. § 108.

E. That the Court order that during the period of this proceeding, defendant broker-dealer and its officers, directors, shareholders and employees be restrained from directly or indirectly transferring, setting off, receiving, retaining, changing, selling, pledging, assigning, or otherwise disposing of or withdrawing any assets or property owned, controlled or in the possession of said defendant, including but not limited to customers' securities, free credit balances or fully paid for securities.

F. That the Court order that within thirty (30) days of his appointment and each month thereafter, the trustee file with the Court, with a copy to SIPC, a status report as to the progress of the liquidation, including information as to the date of publication and mailing of notice to customers and broker-dealers; the value of specifically identifiable property, property in the single and separate fund and in the general estate; the number of broker-dealer claims filed and total amount claimed for the completion of open contractual commitments; the amounts of advances requested from SIPC to satisfy customer claims or complete open contractual commitments or for administrative expenses; the amount of money or value of securities distributed to satisfy claims; a description of all pending suits and controversies; and a schedule of cash receipts and disbursements and balance on hand.

II. Such other and further relief as this Court may deem necessary and proper.

William D. Moran
William D. Moran
Regional Administrator

Attorney for
Securities and Exchange Commission

Of Counsel:

William Nortman
Franklin D. Ormsten
Jeffrey Tucker
Barry J. Mandel

Theodore H. Focht
Theodore H. Focht
General Counsel

Wilfred R. Caron
Associate General Counsel

Attorneys for

Securities Investor Protection Corporation
485 L'Enfant Plaza, S. W.
Washington, D. C. 20024

(202) 484-5400

Dated:

New York, New York.
May 24, 1973.

AFFIDAVIT OF JEFFREY S. MORRISON, FOR PLAINTIFF, IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER, ORDER APPOINTING TEMPORARY RECEIVER, AND PRELIMINARY AND PERMANENT INJUNCTIONS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION :
Plaintiff, : 73 Civil
-against- :
AFFIDAVIT
WEIS SECURITIES, INC. :
ARTHUR LEVINE
SOL LEIT :
ALAN SOLOMON
JOEL KUBIE :
ROBERT LYNN
:
Defendants.
:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

JEFFREY S. MORRISON, being duly sworn, deposes and says:

1. I am employed as a senior examiner by the Securities and Exchange Commission ("Commission") plaintiff herein, in its New York Regional Office ("NYRO").

2. I make this affidavit in support of the application, by the Commission, for an Order to Show Cause, a Temporary Restraining Order, an Order Appointing a Temporary Receiver and Preliminary and Permanent Injunctions restraining and enjoining the defendants Weis Securities, Inc. ("Weis"), Arthur Levine ("Levine"), Sol Leit ("Leit"), Alan Solomon ("Solomon"), Joel Kubie ("Kubie") and Robert Lynn ("Lynn"), from further violating and aiding and abetting violations of Section 17(a) of the Securities Act of 1933, 15 U.S.C. 77q(a) and Sections 10(b), 15(c)(3) and 17(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. 78j(b) and

78q(a) and Rules 17 C.F.R. 240.10b-5, 15c3-3, 17a-3, 17a-4, 17a-5 and 17a-11 promulgated thereunder.

3. This affidavit is based upon information and belief, inspection of certain books, records, documents and testimonial transcripts of defendant Weis, the New York Stock Exchange, Inc. ("Exchange") and Touche, Ross & Co. ("Touche"); statements made to me or in my presence by officers and employees of defendant Weis, officers and employees of the Exchange and partners of Touche; conversations with other members of the staff of the Commission and information contained in the official files of the Commission.

THE DEFENDANTS

4. Defendant Weis formerly known as Weis, Voisin & Co. Inc., is a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act. It is a member of the New York Stock Exchange, Inc.,the American Stock Exchange and other national stock exchanges as well as a member of the National Association of Securities Dealers, Inc. Weis has approximately 43,000 customer accounts, 400 registered representatives, 27 branch offices and maintains its principal place of business at 17 Battery Place North, New York, New York.

5. Defendant Levine is the Chairman of the Board of Directors and a substantial shareholder of defendant Weis. He resides at 985 Fifth Avenue, New York, New York.

6. Defendant Leit is president, a director and substantial shareholder of defendant Weis. He resides at 25 Sutton Place, New York, New York.

7. Defendant Solomon is treasurer, director and shareholder of defendant Weis. He resides at 350 Evandale Road, Scarsdale, New York.

8. Defendant Kubie was, until April 8, 1973, the comptroller, executive vice-president, director and a shareholder of defendant Weis. He resides at 1321 Sunnyfield Drive, Linden, New Jersey.

9. Defendant Lynn is the comptroller, a vice-president and shareholder of defendant Weis. He resides at 7 Kelso Place, Englishtown, New Jersey.

INTRODUCTION

10. On April 27, 1973, the NYRO of the Commission learned that defendant Weis was encountering net capital difficulties, which were allegedly concealed by erroneous entries in the books and records of the firm which resulted in the understating of certain accured expenses. However, at that time assurances were given to the staff of the NYRO by a representative of defendant Weis that substantial sums of money would be forthcoming to alleviate the problems. Thereafter, it became apparent, as a result of a cursory inspection of the books and records of defendant Weis by examiners of the Exchange, that the financial condition of the firm was far more serious than originally thought and in fact, defendant Weis was in the throes of a major fiscal crisis. This crisis became more apparent when on May 1, 1973 the staff of the NYRO was further advised that the net capital ratio of defendant Weis as of March 31, 1973 was 1900% 1/. This notification was confirmed in a letter from

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1/ Pursuant to Rule 325 of the New York Stock Exchange Rules and Regulations, a member is required to maintain a ratio of aggregate indebtedness to net capital of no greater than 1500%.

the Exchange to the Commission dated May 7, 1973, a copy of which is annexed hereto as Exhibit A. On May 22, 1973, after additional examination of defendant Weis' books and records, the Exchange's examiners reported that the net capital ratio of defendant Weis as at March 31, 1973 was 3000%.

11. The reason for the dramatic increase in the "net capital ratio" of defendant Weis was the discovery of a deliberate and sustained course of conduct designed to conceal the firm's true financial condition, by, among other devices, the recordation of false and misleading bookkeeping entries upon the books and records of defendant Weis in order to artificially inflate its earnings and net worth.

12. Since the inception of an examination of the books and records of defendant Weis by the staff of the NYRO and the Exchange, many false and misleading entries, discussed hereinafter, have been discovered. However, the Commission has reason to believe that the full extent of such falsifications may not as yet have been determined since representatives of the Commission and the Exchange have been unable to complete a thorough examination of defendant Weis' books and records. 2/ This inability to complete a meaningful review, which the Commission deems imperative in order to ascertain whether members of the public are presently exposed to any risk of loss,

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2/ Not only has the Commission and the Exchange experience such difficulties, but defendant Weis' auditors, the public accounting firm of Touche Ross & Co. has advised the NYRO that it too is encountering tremendous difficulties in preparing a certified report of Weis' financial condition as at April 30, 1973. These difficulties, we are advised, have been caused by, among other things, the large number of apparently fraudulent entries on the firm's records, the destruction and/or loss of underlying source documents and the general inability of defendant Weis to provide the accounting firm with a competent representative of the firm to guide the accountants through the maze of false entries.

is a result of the breadth of the firm's operations, the magnitude of its books and records and the destruction of certain crucial source documents.

13. As part of my duties I was assigned to review the books and records of defendant Weis. In this capacity I conferred with defendant Lynn, its present comptroller, for the purpose of ascertaining the firm's net capital ratio and the status and condition of its books and records. In connection with such review, I visited the offices of defendant Weis, among other times, on May 16, 18 and 22, 1973.

VIOLATIONS OF BOOKKEEPING RULES
(Section 17(a) of the Exchange Act
15 U.S.C. 78q(a) and Rule 17 C.F.R.
240.17a-3 thereunder).

14. During the course of my visits to defendant Weis' offices in May of 1973 and as a result of an inspection of defendant Weis' books and records, I discovered that in certain respects defendant Weis maintained books and records which were neither current nor accurate.

15. On May 18, 1973 I reviewed the books and records of defendant Weis and conferred with defendant Lynn, the current comptroller of the firm. As a result, I discovered false and misleading entries on the firm's books and records. These entries, made during April and May of 1972, we have been advised, were effected in order to project a more favorable financial condition in contemplation of a proposed public offering of the securities of defendant Weis and to induce extensions of credit to the firm.

16. The aforementioned false and misleading bookkeeping entries were caused to be made by defendants Kubie and Lynn, the comptroller and assistant comptroller respectively, of defendant Weis at the time, acting under the direction and control of defendant Leit, president of defendant Weis and with the knowledge and consent of defendant Levine, Chairman of the Board of Directors of defendant Weis.

17. The false and misleading entries discovered were, among others, the following:

(a) On April 28, 1972 a bookkeeping entry was made whereby a Reserve for Unsecured Accounts was decreased (debited) for approximately $600,000 and two separate income accounts were increased (credited). The net effect of this entry, which had no valid basis or justification, was to falsely increase the current earnings and net worth of defendant Weis.

(b) On May 24, 1972 a bookkeeping entry was made whereby an asset account titled Insurance Claim Receivable was increased (debited) $500,000 and eleven separate income accounts were correspondingly increased (credited). There was no basis or justification for this entry which had the effect of falsely inflating defendant Weis' current earnings and net worth.

(c) On May 30, 1972, bookkeeping entries were made whereby several commission income accounts in the general ledger were credited in the amount of approximately $85,000 to reflect commissions earned on securities transactions effected on May 23, 1972. The entries in the commission income accounts were based on a daily summary of commissions earned by defendant Weis from securities transactions effected on various exchanges and in the over-the-counter market. The original and accurate summary of commissions earned on May 30, 1972 reflecting commissions of approximately $45,000 was replaced by defendant Kubie with an incorrect summary reflecting commissions of approximately $90,000. This incorrect summary reflecting earned commissions of approximately $90,000 was then utilized as the source document for the incorrect entries in the general ledger. As a result of these incorrect entries, the current earnings and net worth of defendant Weis were overstated by approximately $45,000.

18. Other false and misleading bookkeeping entries were made during February and March of 1973, at a time when defendant Weis was having severe financial difficulties. The false and misleading entries made during this period of time by defendants Lynn and Kubie under the direction and control of defendant Leit and with the knowledge and consent of defendant Levine, were, among others:

(a) On February 6, 1973 a bookkeeping entry was made whereby a liability account titled, Bank Loans Payable, was decreased (debited) in the amount of $1,500,000 and several different income accounts were increased (credited). However, this entry was made without any valid basis or justification in that the bank loan obligation was not, in fact, reduced by $1,500,000. As a result of this "bogus" entry, the current earnings net worth and net capital of defendant Weis were falsely inflated.

(b) Subsequently, the above entry of February 6, 1973 was discovered by another employee of defendant Weis and brought to defendant Kubie's attention. As a result of this discovery, defendant Kubie caused the bank loan account to be increased to its proper amount. Thereafter on March 22, 1973 another bookkeeping entry was effected whereby the liability account, Bank Loans Payable, was decreased (debited) in the amount of $2,000,000 and several income accounts were increased (credited). The net effect of this entry, again made without any valid basis therefore, was to unjustifiably increase the current earnings, net worth and net capital of defendant Weis.

19. For a period well in excess of one year, up to and including March 30, 1973, defendant Weis failed to make payments of $41,000 per month pursuant to a leasehold agreement for offices at 111 Broadway, New York, New York. However, defendant Weis failed to establish a liability account on its books and records to reflect the monthly obligation which was accruing and by March 30, 1973 totalled approximately $700,000.

VIOLATIONS OF BOOKKEEPING RULES (SECTION 17(a) OF THE EXCHANGE ACT, 15 U.S.C. 78q(a) AND RULE 17 C.F.R. 240.17a-4)

20. Defendant Weis failed to preserve certain of its records as required by Section 17(a) of the Exchange Act, 15 U.S.C. 78q(a) and Rule 17 C.F.R. 240.17a-4 thereunder in that defendants Lynn and Kubie removed and/or destroyed the original bogus journal entries discussed above in paragraphs 17 and 18.

VIOLATIONS OF FINANCIAL REPORTING REQUIREMENTS (SECTION 17(a) OF THE EXCHANGE ACT, 15 U.S.C. 78q(a) AND RULE 17 C.F.R. 240.17a-5)

21. Section 17(a) of the Exchange Act, 15 U.S.C. 78q(a) and Rule 17 C.F.R. 240.17a-5 thereunder require that every broker-dealer registered with the Commission file a certified report of financial condition containing the information required by Form X-17A-5.

22. On July 11, 1972 defendant Weis filed its Form X-17A-5 with the Commission which purported to reflect its true and accurate financial condition as at May 26, 1972. This financial report was false and misleading as a result of the bogus and spurious entries made on the books and records of defendant Weis and discussed above in paragraph 17. The effect of the false and misleading entries discussed in paragraph 17 herein was to overstate the current earnings and net worth of defendant Weis as reported on the Form X-17A-5 by approximately $1,200,000.

23. In addition to the overstatement of defendant Weis' current earnings and net worth as discussed in paragraph 22, the current earnings and net worth were further overstated as a result of certain false and misleading adjustments which were included in the preparation of form X-17A-5, but which were not incorporated into the firm's books and records. These adjustments were, among others:

(a) Defendant Weis failed to accrue certain unpaid expenses incurred prior to May 26, 1972, the date of the X-17A-5 report. There was no valid basis for the omission to accrue such expenses which exceeded $450,000. As a result the current earnings and net worth of defendant Weis, as reported on the X-17A-5 report of May 26, 1972 were overstated by approximately $450,000.

(b) Included in the X-17A-5 report of May 26, 1972 filed by defendant Weis was a schedule of securities held in the firm's trading and investment accounts. This schedule contained the name, quantity and market valuation of such securities. Said schedule was false and misleading in that the prices of certain securities did not accurately reflect the prevailing market prices of such securities as of the date of the report. These inaccuracies were the result of deliberate alterations made by defendant Kubie of worksheets used in connection with the preparation of the schedule of securities held in the firm's tradi[illegible]d investment accounts. As a result of these alterations, the current earnings and net worth of defendant Weis were falsely inflated by approximately $250,000.

24. In sum, the effect of the false and misleading entries discussed in paragraph 17 and the adjustments discussed in paragraph 23 was to artificially inflate the current earnings and net worth of defendant Weis as reported in its X-17A-5 report of May 26, 1972 by approximately $2,000,000.

VIOLATIONS OF SUPPLEMENTAL FINANCIAL
REPORTING REQUIREMENTS (Section 17(a)
of the Exchange Act, 15 U.S.C. 78q(a)
and Rule 17 C.F.R. 240.17a-11)

25. Paragraph (c) of Rule 17 C.F.R. 240.17a-11 requires that upon a broker-dealer's failure to keep current and accurate records, such broker-dealer give telegraphic notice of its deficient books and records to the Commission within 24 hours of the time such failure occurs. Within 48 hours of the telegraphic notice, the broker-dealer must file a report stating what is being done, if anything, to rectify the deficient books and records.

26. As is more fully set forth in paragraphs 17 and 18, defendant Weis' books and records were deficient from on or about April 1, 1972 to the present in that they were and are false and inaccurate. Nonetheless, defendant Weis has failed to give the requisite telegraphic notice and to file the required report.

27. Paragraph (a) of Rule 17 C.F.R. 240.17a-11 requires that a broker-dealer give telegraphic notice whenever the firm is in violation of the net capital rule to which it is subject. Within 24 hours thereafter, a report of financial condition must be filed by the firm. The information to be included in the report of financial condition is set forth in paragraph (a) of Rule 17 C.F.R. 240.17a-11.

28. Although defendant Weis was in violation of the net capital rule of the Exchange on March 30, 1972 and for an indeterminate period of time prior to and thereafter, as will be discussed more fully in paragraphs 29 through 32, no telegraphic notice or report of financial condition was ever timely given or filed with the Commission. 3/

3/ At the midnight hour, defendant Weis sent to the Commission a telegram in an apparent attempt to rectify its prior failures to file a timely notice of its financial difficulties. This telegram was received on May 17, 1973, long after it was apparent that the firm was doing business while in violation of the financial responsibility provisions to which it was subject. It should be noted that the telegram was silent as to the overwhelming deficiencies of the books and records of the firm and conveyed the misleading impression that any crisis which may have existed in the past had been resolved. A copy of said telegram is annexed hereto as Exhibit B.

VIOLATIONS OF THE ANTI-FRAUD PROVISIONS (Sections 17(a) of the Securities Act, 15 U.S.C. 77a(a) and Section 10(b) of the Exchange Act, 15 U.S.C. 78q(a), Rule 17 C.F.R. 240.10b-5 thereunder)

29. Pursuant to the examination of the books and records of defendant Weis by representatives of the Exchange to determine whether the firm is, and has been, in compliance with the Exchange's net capital rule to which it is subject (Rule 325 of the New York Stock Exchange Rules and Regulations), it was determined that defendant Weis was not in compliance therewith on March 30, 1973. This determination was made as follows: The Joint Regulatory Report 4/ containing a net capital computation as of March 30, 1973 filed by defendant Weis with the Exchange was adjusted to reflect corrections of several of the false and misleading entries described above. Although these adjustments did not account for all of the falsifications unveiled to date, nonetheless the firm's net capital ratio exceeded 1500%, the maximum permissible net capital ratio.

30. Since the determination in early May 1973 that defendant Weis was not in compliance with the Exchange's net capital rule as of March 30, 1973, representatives of the Exchange have endeavored to prepare a more current computation of the firm's net capital ratio. Although such a computation was hampered by the continuing uncovering of

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4/ The Joint Regulatory Report is a report required to be filed by all members of the Exchange and is a monthly financial report which includes, among other things, a computation of the firm's net capital ratio. In light of the false and misleading entries discussed in paragraph 18, it would appear that such reports filed by defendant Weis for the months ended February 28, 1973 and March 30, 1973 were grossly inaccurate.

additional bookkeeping irregularities, and the inherent difficulty in analyzing the voluminous books and records of defendant Weis, the Exchange believes that as recently as May 22, 1973 the firm was suffering a net capital deficiency of approximately $200,000.

31. However, the staff of the NYRO has been informed by representatives of the Exchange that it will require further examination in order to arrive at a more meaningful computation of the firm's net capital ratio as of March 30, 1973. It should also be noted that representatives of the Exchange have stated that a definitive calculation of the firm's net capital ratio and analysis of its financial condition cannot be reached until such time as an examination by independent auditors is conducted.

32. As a further indication of the dire financial condition of defendant Weis, defendant Lynn, the firm's financial officer vested with the responsibility for the preparation of the Joint Regulatory Reports, informed members of the staff of the NYRO on May 22, 1973 that the Report for the month ended April 30, 1973 would reflect a net capital ratio far in excess of the permissible ratio of 1500%.

VIOLATIONS OF THE SEGREGATION PROVISIONS (Section 15(c)(3) of the Exchange Act, 15 U.S.C. 78o(c)(3) and Rule 17 C.F.R. 240. 15c3-3 thereunder)

33. Pursuant to Section 15(c)(3) of the Exchange Act, 15 U.S.C. 78o(c)(3) and Rule 17 C.F R. 240.15c3-3 thereunder broker-dealers registered with the Commission are required, among other things, to maintain a special reserve bank account for the protection of cash and/or securities held by such broker-dealers on behalf of their customers.

34. On May 22, 1973, I requested of Howard Levy ("Levy"), a financial officer of defendant Weis, a copy of the firm's most recent 15c3-3 report. In response thereto I received a copy of such a report along with certain supporting schedules. At the time I made the request, Levy informed me that any such report that he could provide had not been subjected to final review.

35. The report with which I was provided reflected that as of May 18, 1973 the sum of $4,629,983 was required to be on deposit in the Reserve Bank Account pursuant to Rule 15c3-3. After I reviewed the said report I asked Levy how much money was actually on deposit in the Reserve Bank Account. Levy stated that defendant Weis would need at least another $2,200,000 in that account in order for the firm to have on deposit the sum required by Rule 15c3-3 as indicated in the report the firm itself prepared. (A copy of said report is annexed hereto as Exhibit C).

36. In view of the alarming deficiency in this account and what appeared to be a clear violation of the rule in question, I asked Levy how the firm would satisfy the deficiency. Levy responded, "I don't know." 5/

37. Subdivision (i) of Rule 15c3-3 requires, in general that a broker-dealer immediately notify the Commission, the Securities Investor Protection Corporation and the regulatory authority for the broker-dealer (in this case the Exchange) by means of a telegram of its failure to maintain the required deposit in the Reserve Bank Account. No such notifications were sent.

38. Defendant Weis has been accepting monies and other properties in connection with orders for the purchase and sale of securities and effecting transactions in securities on behalf of customers from January 1, 1972 to date, including March 30, 1973, May 18, 1973 and May 22, 1973 on which dates, among others, defendant Weis was not in compliance with the Exchange's net capital rule or the other Commission rules discussed above. While defendant Weis was engaged in the foregoing activities, it failed to disclose to customers and other broker-dealers its failure to comply with the Exchanges's net capital rule, the Commission's rules and the risks accompanying such failure. In connection with conducting

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5/ At approximately 10:45 a.m. on May 23, 1973 the NYRO was informed by the Exchange that defendant Weis had drawn a check for $2,700,000 for deposit in the Reserve Bank Account and that the funds for this check were generated from the excess collateral in proprietary position bank loans. Even if this be the case, this late maneuver in no way eliminates the egregious violation of this rule as disclosed in the text.

a business as a broker-dealer in securities, defendant Weis has and is making use of the mails and means and instrumentalities of interstate commerce.

39. Defendant Weis has been accepting monies and other properties in connection with orders for the purchase and sale of securities on behalf of customers from July 11, 1972 to date during which time defendants Weis, Levine, Leit, Solomon, Kubie and Lynn caused to be on file and available for public scrutiny and examination a false and misleading X-17A-5 report reflecting grossly inflated earnings and net worth.

CONCLUSION

40. The NYRO has been advised that since at least April, 1973, defendant Weis has attempted to merge its business with another broker-dealer, Ladenburg Thalmann & Co. ("Ladenburg"), and if this merger is consummated at least $4 million in additional capital would be generated by their merger, and the combined firms would then be on a sound financial footing. This attempt to merge has been stymied several times as a result of continuing discoveries of additional financial difficulties. Several of the recently unveiled problems have required resolution prior to any Exchange approval of the merger. Therefore, while it maybe true that a consolidation of Ladenburg and defendant Weis could produce an entity which might operate within the boundaries of the federal securities laws, it is impossible at this point in time, to determine whether such a "marriage" would be feasible. Moreover, in the event that such a merger is consummated, given the foregoing problems, there are no assurances, despite the hopeful expectations of defendant Weis and others, that further problems will not manifest themselves which could again precipitate the very same problems with which we are now confronted.

41. For these reasons a clear and specific showing has been made that it is necessary for the plaintiff Commission to proceed by Order to Show Cause rather then by Notice of Motion, to seek a Temporary Restraining Order and Preliminary Injunction, restraining and enjoining the defendants from further violations of the Securities Act and the Exchange Act as alleged in the complaint filed herein.

42. No previous application for the relief sought herein has been made to this or any other court.

Jeffrey S Morrison

JEFFREY S. MORRISON

Sworn to before me this
23rd day of May, 1973

Barry J Mandel

NOTARY PUBLIC

BARRY J. MANDEL
NOTARY PUBLIC, State of New York
No. 41-7689940
Qualified in Queens County
Certificate Filed in Queens County
Commission Expires March 30, 1974

EXHIBIT A TO MORRISON AFFIDAVIT - LETTER FROM NEW YORK STOCK EXCHANGE, INC. TO PLAINTIFF DATED MAY 7, 1973

NEW YORK STOCK EXCHANGE, INC.
DEPARTMENT OF MEMBER FIRMS
23RD FLOOR
55 WATER STREET
NEW YORK, N. Y. 10041

WILLIAM E. SHIELDS
SUPERVISING COORDINATOR
(212) 623-6937

May 7, 1973

Mr. William Finnigan
Securities and Exchange Commission
500 North Capitol Street, N. W.
Washington, D. C. 20549

Dear Mr. Finnigan:

Confirming our telephone conversations last week, Weis Securities, Inc. has been found to be in capital violation as of March 30, 1973. While our Examiners have not completed their review of the firm's computation, it appears that the firm had a capital deficiency of approximately $1 million as of that date. The tentative capital position of the firm is net capital of approximately $4 million and aggregate indebtedness of approximately $75 million.

Known changes in the firm's capital to date total $1,400,000 of increased capital or reduced charges. This figure includes new capital of $410,000 not yet approved by the Exchange. However, we do not know the extent of losses for the month of April, leaving a question as to whether the violation has been corrected.

Additional capital of $2.5 million is reported as scheduled to be added within the next two days. We will notify you when this has been accomplished and we have a definitive current capital position.

Very truly yours,

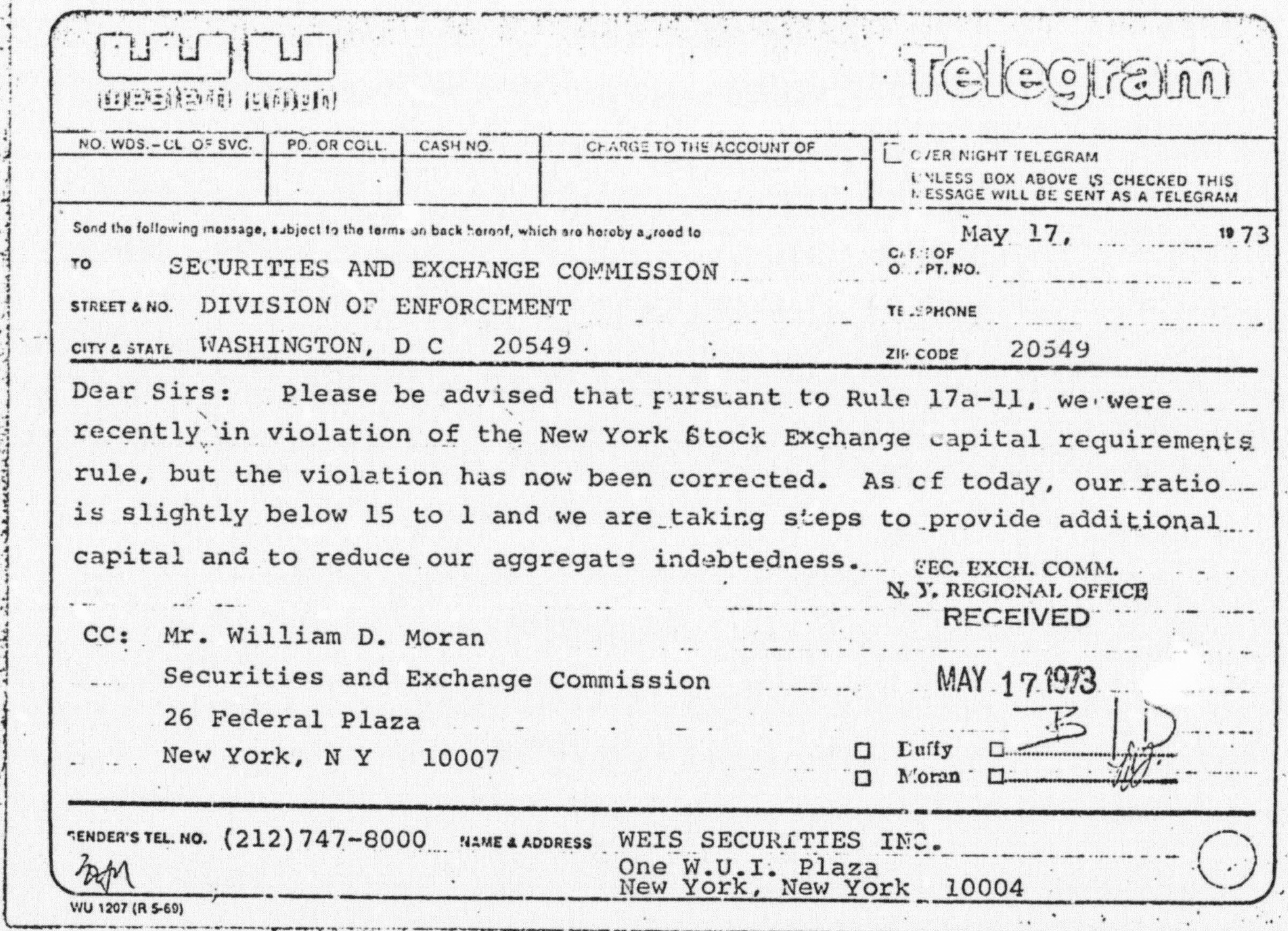
William E. Shields

William E. Shields

cc: Messrs. Lee A. Pickard
Paul Knowlton
James Brucki
Michael Tobin
George Jonas
Philip Laboe

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 9 1973
DIVISION OF MARKET REGULATION

EXHIBIT B TO MORRISON AFFIDAVIT - TELEGRAM FROM DEFENDANT WEIS SECURITIES INC. TO PLAINTIFF DATED MAY 17, 1973



Telegram

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF

☐ OVER NIGHT TELEGRAM
UNLESS BOX ABOVE IS CHECKED THIS MESSAGE WILL BE SENT AS A TELEGRAM

Send the following message, subject to the terms on back hereof, which are hereby agreed to

May 17, 1973

TO SECURITIES AND EXCHANGE COMMISSION

CARE OF OR APT. NO.

STREET & NO. DIVISION OF ENFORCEMENT

TELEPHONE

CITY & STATE WASHINGTON, D C 20549

ZIP CODE 20549

Dear Sirs: Please be advised that pursuant to Rule 17a-11, we were recently in violation of the New York Stock Exchange capital requirements rule, but the violation has now been corrected. As of today, our ratio is slightly below 15 to 1 and we are taking steps to provide additional capital and to reduce our aggregate indebtedness.

SEC. EXCH. COMM.
N. Y. REGIONAL OFFICE
RECEIVED
MAY 17 1973

☐ Duffy ☐
☐ Moran ☐

CC: Mr. William D. Moran
Securities and Exchange Commission
26 Federal Plaza
New York, N Y 10007

SENDER'S TEL. NO. (212) 747-8000 NAME & ADDRESS WEIS SECURITIES INC.
One W.U.I. Plaza
New York, New York 10004

WU 1207 (R 5-69)

EXHIBIT C TO MORRISON AFFIDAVIT - RULE 15c3-3 REPORT

WEIS, VOISIN & CO., INC.

FORMULA FOR DETERMINATION

RESERVE REQUIREMENT FOR BROKERS AND DEALERS

(Under Rule 15c3-3 of the

Securities Exchange Act of 1934)

F.T. 5/21/73

May 18, 1973

	Schedule, line	DEBITS	CREDITS 11:8
1) Free credit balances and other credit balances in customers' security accounts.	1, 28		10592664
2) Monies borrowed collateralized by securities carried for the accounts of customers. (A/cs 10-00020-00049)			43775000 -
3) Monies payable against customers' securities loaned.	2, 37		6477007 -
4) Customers' securities failed to receive.	2, 30		1401249 -
5) Credit balances in firm accounts except for items which are attributable to principal sales to customers.	3, 6		509999 -
6) Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days.	(Estimated)		125000 -
7) Market value of short security count differences over 30 calendar days old.			
8) Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days.			63436 -
9) Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.			12436 -
10) Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collections.	1, 28	55227248 -	
11) Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver.	2, 20	1566805 -	
12) Failed to deliver of customers' securities not older than 30 calendar days.	2, 13	1232755 -	
		58026808 -	62156791 -
			58026808 -
13) Excess of total credits (sum of items 1-9) over total debits (sum of items 10-12) required to be on deposit in the "Reserve Bank Account" (S.E.C. Rule 15c3-3(e).			4129983 -

A-43

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY GRACE CUTTING McGRATH

10

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

RECEIVED
SUB
'73 JUN [illegible] PM 3:20
WEIS SECURITIES INC.

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation of the Business of Weis Securities, Inc.*
P.O. Box 109
New York, New York 10004

[redacted]

C11[illegible]

GRACE CUTTING MC CRATH
SUB ACCT
154 WHEATLY ROAD
GLEN HEAD N Y

00-01221
140 13
9999995

1

(If the above is incorrect, please change.)

Social Security Number 057-38-4373

Please insert your Telephone Number and Area Code (516) 626-1096

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance) .... $..........

I owe Weis (Debit Balance) .... $..........

2. **Claim for securities as of May 24, 1973:**

	(Please check answer)	
Weis owes me securities	Yes ☒	No ☐
I owe Weis securities	Yes ☐	No ☐

(If "Yes", please list below:)

Date of Transaction	**Name of Security**	**Number of Shares or Principal Amount of Bonds or other securities** **Weis Owes Me (Long)**	 **I Owe Weis (Short)**
	550 shares Peabody Galion		
$50,000	NY State Dorm Auth Revs		
	Rochester Univ 5.7 due 07/01/01		
$50,000	Duke Power Co 7.75 due 04/01/02		

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?** Yes ☒ No ☐

4. **Has there been any change in your account since May 24, 1973?** Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☒ No ☐

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

6/6/73	Grace C. McGrath		
Date	**Signature**	**Date**	**Signature**

(If account is car[illegible] more than one name, all must sign. If other than a personal account, please state your capacity and author[illegible]

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

GREEMENT SUBORDINATING ACC NT(S)

A-45

Agreement between **GRACE CUTTING McGRATH** (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be **May 31, 1974** provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated **May 26, 1972** and a recent computation of net capital prepared by the Organization dated **May 26, 1972**. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturity Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 10th day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Lew L. McKernan
(A duly authorized officer or general partner)

Grace Cutting McGrath L.S.
(LENDER)

A-50

STATE OF New York)
) SS:
COUNTY OF New York)

On this 10th day of August, 1972 before me personally came Grace Cutting [illegible] (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and she duly acknowledged to me that she executed the same.

William C

WILLIAM C. McKINNEY
Notary Public, State of New York
No. 30-2628950
Qualified in Nassau County
Term expires March 30, 1973

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY GRACE M. McGRATH

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation of the Business of Weis Securities, Inc.*
P.O. Box 109
New York, New York 10004

AM 9:39

WEIS SECURITIES INC.

1675

MRS GRACE M MC GRATH-SUB ACCT 00-01224
154 WHEATLEY ROAD 14? 13
GLEN HEAD N Y 99 995

1

(if the above is incorrect, please change.)

Social Security Number 087-14-5298

Please insert your Telephone Number and Area Code 516-626-1078

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance) .... $..........

I owe Weis (Debit Balance) .... $..........

2. **Claim for securities as of May 24, 1973:**

(Please check answer)

Weis owes me securities .... Yes ☑ No ☐

I owe Weis securities .... Yes ☐ No ☑

(If "Yes", please list below:)

Date of Transaction	**Name of Security**	**Number of Shares or Principal Amount of Bonds or other securities**	
		Weis Owes Me (Long)	**I Owe Weis (Short)**
	1) Eastman Kodak Co.	1100 shares	
	2) National Properties Corp.	2000 shares	
	3) N.Y. State HFA - callable -	$ 100,000.-	
	7.200 due 05/01/00		
	4) N.Y. State Dorm. Auth. Revs.	$ 55,000.-	
	Albany Med. Ctr - callable -		
	7.500 due 07/01/07		

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?** Yes ☑ No ☐

4. **Has there been any change in your account since May 24, 1973?** Yes ☐ No ☑
(If "Yes", please give details in an attachment to this claim.)

5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** Yes ☐ No ☑
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☑ No ☐

(If "Yes", explain the relationship.) Husband

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☑

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☑ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☑

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☑

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☑

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☑

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☑

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

6/1/74	Grace M. McC[illegible]		
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

PERIOD ENDING		ACCOUNT	R. R.	PAGE
4-27-7	13	00-01224	140	1
LAST STMT			NO.	
03-30-7		2981		

MRS GRACE M MC GRATH-SUB ACCT
1 . WHEATLEY ROAD
GLEN HEAD N Y

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co in the [illegible]osed envelope. Also please inform our auditors [illegible]ectly of any discrepancies you may note.

We suggest that you read the audit instructions on the reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct

Authorized Signature

DATE	[illegible]	[illegible]	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED
			OPENING BALANCE CASH ACCOUNT			0.00
0402	DIV ON		EASTMAN KODAK CO 1100	0.2700		297.00
0409			040351068CHK FOR DIV/INT	CRP	297.00	
0406		4000	LOVLE PRODUCTS INC	AUD		
0406	2000		NATIONAL PRIORITIES CORP	AUD		
0427			CLOSING BALANCE CASH ACCOUNT			0.00
	1100		EASTMAN KODAK CO	POS		
	2000		NATIONAL PRIORITIES CORP	POS		
	100000		NEW YORK STATE HFA-CALLABLE 7.200 DUE 05/01/00	POS		
	95000		NEW YORK STATE DORM AUTH REVS ALBANY [illegible] CALLABLE 7.30 [illegible]E 07/0[illegible]	POS		
			END OF STATEMENT		**************************	

DIV 297.00 INT 0.00 RUN 0.00 YTD DV 566.00 YTD INT 0.00 YTD RUN [illegible]

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

RECENT PURCHASE OR SALE
The "settlement date" as shown on your Notice of Trade determines when the item will appear on your statement. If this date was AFTER the period-ending date, shown on the reverse side, the trade will not appear until your NEXT monthly statement.

CASH OR SECURITIES DELIVERED
If cash or securities were delivered from, or received in, our office AFTER the period-ending date, shown on the reverse side, the transaction will not appear until your NEXT monthly statement.

All trades in which the "settlement date" was on or before the period-ending date, shown on the reverse side, and all deliveries from or to our office on or before the period-ending date, shown on the reverse side, should appear on the attached statement.

Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance, it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal, free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1. CASH ACCOUNT
2. MARGIN ACCOUNT
3. OMNIBUS
4. NON CONVERTIBLE BOND
5. SHORT
6. SPECIAL SUBSCRIPTION
7. CONVERTIBLE BOND
8. NON REGULATED COMMODITY
9. REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD.

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept.,

AGREEMENT SUBORDINATING ACCOUNT(S)

Agreement between GRACE M. McGRATH (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be May 31, 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated May 26, 1972

and a recent computation of net capital prepared by the Organization dated May 26, 1972. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturity Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 10th day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKern
(A duly authorized officer or
general partner)

Grace M McGrath L.S
(LENDER)

A-60

STATE OF New York)
) SS:
COUNTY OF New York.)

On this 10th day of August, 1972, before me personally came Grace H. McGuire (Tenant's name) to me known to me to be the individual described in and who executed the foregoing instrument and she duly acknowledged to me that she executed the same.

William C McKinney

WILLIAM C. McKINNEY
Notary Public, State of New York
No. 30-2628950
Qualified in Nassau County
Term expires March 30, 1973

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

A-61

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY JEAN WINSLOW

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

C5745

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

'73 JUN 12 PM 6:18

WEIS SECURITIES INC.

MRS JEAN M WINSLOW 00-01236

SUB ACCT 010 13
39 EAST 79TH ST 9999995
NEW YORK NEW YORK 10021

(if the above is incorrect, please change.)

Social Security Number
119-36-9692

Please insert your Telephone Number and Area Code 212-RE 7-3690

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance)	$ 8,615.00
I owe Weis (Debit Balance)	$

2. **Claim for securities as of May 24, 1973:**

(Please check answer)

Weis owes me securities Yes ☐ No ☒
I owe Weis securities Yes ☐ No ☒
(If "Yes", please list below:)

Date of Transaction	Name of Security	Number of Shares or Principal Amount of Bonds or other securities	
		Weis Owes Me (Long)	I Owe Weis (Short)

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?** Yes ☒ No ☐
4. **Has there been any change in your account since May 24, 1973?** Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)
5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis? Yes ☒ No ☐

(If "Yes", explain the relationship.) Wife

7. Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution? Yes ☐ No ☒

8. Are you the sole owner of the cash and securities in the above-described account? Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. Are you a "nominee" with respect to the above-mentioned account? Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. Are you the beneficiary of another account with Weis maintained by a "nominee"? Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. Do you maintain a separate account with Weis under any other name? Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. Have you authorized any person to execute transactions on your behalf on a discretionary basis? Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970? Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

June 8, 1973			
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

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THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

ENDING		ACCOUNT	R.R.	PAGE
7-7	13	00-01236	01[illegible]	1
STMT		SS/ID NO.		
0-7	2589			

EAN M KINSLOW
CCT
ST 79TH ST
ORK NEW YORK 10021

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
0330			OPENING BALANCE TYPE 1 ACCOUNT			8,615.00	1
0427			CLOSING BALANCE TYPE 7 ACCOUNT			8,615.00	7
			END OF STATEMENT		*************************		

DIV 0.00 INT 0.00 MON 0.00 YTD DV 0.00 YTD INT 0.00 YTD MON

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS

AUDIT CONFIRMATION

attached statement of your account as of the business on the period-ending date shown sent to you by our auditors in connection with it of our accounts as prescribed by the New Exchange, Inc.

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WEIS SECURITIES, INC.

e attached statement has been examined and found to be correct.

Authorized Signature

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

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Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

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statement of account shall be deemed correct and shall constitute an account stated unless you give
written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin accou
and we maintain a special miscellaneous account for you, this is a combined statement of your gener
account and special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation
issued by the Board of Governors of the Federal Reserve System. The permanent record of the speci
miscellaneous account as required by Regulation T is available for your inspection at your request. If yo
account reflects a free credit balance, it may be withdrawn by you at any time by advising us of yo
request. Prior to any such withdrawal, free credit balances will not be held in a segregated account an
will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAIN
INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIF
INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1. CASH ACCOUNT
2. MARGIN ACCOUNT
3. OMNIBUS
4. NON-CONVERTIBLE BOND
5. SHORT
6. SPECIAL SUBSCRIPTION
7. CONVERTIBLE BOND
8. NON-REGULATED COMMODITY
9. REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD.

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writ-
ing within ten days to our Customer Service Dept.,

AGREEMENT SUBORDINATING ACCOUNT(S)

Agreement between Jean M. Winslow (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be May 31, 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated May 26, 1972

and a recent computation of net capital prepared by the Organization dated May 26, 1972 . The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturiry Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 10 day of Aug, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKernan
(A duly authorized officer or
general partner)

L.S.
(LENDER)

A-70

STATE OF)
) SS:
COUNTY OF ny)

On this 10 day of Aug, 1972 before me personally came Jean [illegible] (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Sarah Klein

SARAH KLEIN
Notary Public, State of New York
No. 41-7297100 Queens County
Term expires March 30, 1974

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgment.

A-71

CLAIM SUBMITTED BY PHILIP HOLDEN

✓

CUSTOMER CLAIM
in the liquidation of Weis Securities, Inc. ("Weis")

11

This claim must be completed and mailed promptly, together with supporting documentation, to:

Edward S. Redington, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

C9628

[illegible] INC.

MR PHILIP D HOLDEN 00-01209
SUB ACCT 010 13
CASCADE ROAD 9999995
NEW CANAAN CONN 06840

1

Social Security Number 131-01-7393

Please insert your Telephone Number and Area Code 203 - 966-0626

(if the above is incorrect, please change.)

1. Claim for cash as of May 24, 1973:

Weis owes me (Credit Balance) .... $5,752.81 Plus interest and div. since 4/27/73

I owe Weis (Debit Balance) .... $ -0-

2. Claim for securities as of May 24, 1973:

(Please check answer)

Weis owes me securities .... Yes ☒ No ☐

I owe Weis securities .... Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	Name of Security	Number of Shares or Principal Amount of Bonds or other securities	
		Weis Owes Me (Long)	I Owe Weis (Short)
	See Schedule attached - Long		

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973? Yes ☒ No ☐

4. Has there been any change in your account since May 24, 1973? Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)? Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

c7. 11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☐

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

6/11/73 Philip D. Holden by Frank R. [illegible] Att-in-fact

Date **Signature** ~~**Date**~~ ~~**Signature**~~

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

Philip D. Holden

Securities

1200	shs.	American Home Products Corp
100	shs.	American Metal Climax
1600	shs.	Continental Oil Co.
3312	shs.	First Chicago Corp.
530	shs.	International Business Machines Corp.
600	shs.	Merck Co. Inc.
1250	shs.	National Steel Corp.
13200	shs.	Rockwell Int. Corp. CV PFC
1500	shs.	TRW Inc.

Note. American Home Products Corp was split on May 17th. Account at this time should contain 3600 shs. of American Home Products Corp.

Cash Balance

$5,752.81 as of 4/27/73

To this should be added any accumulated dividends since that time together with interest of 4% annually as provided in the subordination agreement and 9% on any cash. (See Below 1972 subordination agreement.)

"With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

"With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments."

ACCOUNT	R.R.	PAGE
00-[illegible]	01[illegible]	

S.S./I.D. NO.

29

[illegible] ROAD

CONN [illegible]40

DATE	BOUGHT OR RECEIVED OR LONG	SOLD OR DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
0330			OPENING BALANCE CASH ACCOUNT			[illegible]	1
0402	DIV CR		FIRST CHICAGO CORP	0.4050		1,341.3[illegible]	1
0402	DIV CR		MERCK & CO INC	0.2350		[illegible]72.00	1
0403			4655 [illegible] FOR DIVIDEND	XRP	1,510.[illegible]		1
0408	DIV CR		ROCKWELL INTL [illegible]	0.3375		4,455.00	1
0412			0403 [illegible] FOR DIVIDEND	XRP	4,455.00		1
0427			CLOSING BALANCE CASH ACCOUNT			5,732.8[illegible]	1
	120[illegible]		AMERICAN HOME PRODUCTS CORP	POS			
	199		AMERICAN [illegible]	POS			
	1666		CONSOLIDATED [illegible] CO	POS			
	3312		FIRST CHICAGO CORP	POS			
	53[illegible]		INTL BUS[illegible] MACHINES CORP	POS			
	60[illegible]		MERCK & CO INC	POS			
	125[illegible]		NATIO[illegible] STEEL CORP	POS			
	13200		ROCKWELL INTL CORP [illegible] PFD	POS			
	1500		[illegible] INC	POS			
			END OF STATEMENT				

[illegible] GR [illegible] BUN [illegible] YTD INT 0.00 YTD [illegible]

AUDIT CONFIRMATION

ched statement of your account as of the
ness on the [illegible] ending date shown
to you by our auditors in connection with
f our accounts as prescribed by the New
change, Inc.

xamine the attached statement, and if
n the space provided below and return it
our auditors, Touche Ross & Co. in the
elope. Also please inform our auditors
y discrepancies you may note.

e [illegible] hat you read the audit instructions on
de [illegible] this statement before responding. It is
at your reply be related only to the
ement.

WEIS SECURITIES, INC.

tached statement has been examined
and found to be correct.

Authorized Signature

A-74

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS.

A-75

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY JAMES H. HIGGINSON

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

12107

MR JAMES J HIGGINSON 00-01245
SUB ACCT 140 13
C/O APPLETON RICE PERRIN 9999995
63 WALL ST
NEW YORK N Y
1

(if the above is incorrect, please change.)

Social Security Number 127-24-9485

Please insert your Telephone Number and Area Code 212-753-2383.

1. Claim for cash as of May 24, 1973:

Weis owes me (Credit Balance) $3,068.71

I owe Weis (Debit Balance) $

2. Claim for securities as of May 24, 1973:

	(Please check answer)	
Weis owes me securities	Yes ☒	No ☐
I owe Weis securities	Yes ☐	No ☐

(If "Yes", please list below:)

~~Date of Transaction~~	Name of Security	Number of Shares or Principal Amount of Bonds or other securities	
		Weis Owes Me (Long)	I Owe Weis (Short)
	Texas Utilities	2000	
	New York State 4.600 due 02/01/89	25,000	
	New York State Dorm Auth Revs. Rochester Univ. 5.650 due 7/1/96	25,000	
	Puerto Rico Comwlth Hwy Au Rev. Callable 5.4000 due 07/01/86	25,000	
	Seattle Wash 5.400 due 07/01/04	25,000	

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973? Yes ☒ No ☐

4. Has there been any change in your account since May 24, 1973? Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)? Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

June 12, 1973			
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

PERIOD ENDING		ACCOUNT	R.R.	PAGE
4-27-73	13	00-01243	140	1
LAST STMT		S.S./I.D. NO.		
03-30-73	2567			

R JAMES J HIGGINSON
UB ACCT
O APPLETON RICE PERKIN
5 WALL ST
EW YORK N Y

DATE	[illegible]	[illegible]	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	
0330			OPENING BALANCE CASH ACCOUN			3,466.7	11
0402	DIV 10		TEXAS UTILITIES CO 1 00	0.2600		364.0	11
0403			04035105CHK FOR DIV/INT	EXP	364.00		11
0403			00243921CK BAL	CHK	400.00		11
0427			CLOSING BALANCE CASH ACCOUN			3,066.7	11
	20		TEXAS UTILITIES CO	POS			
	250		NEW YORK STATE	POS			11
			4.000 DUE 02/01/99				11
	25		NEW YORK STATE [illegible] AUTH REVS	POS			
			ROCHESTER [illegible]				
			5.850 DUE 07/[illegible]				
	25		PUERTO RICO [illegible] HWY AU REV	POS			
			-CALLA [illegible]				
			5.4 [illegible] 70L				
	25		SEAT [illegible]	POS			11
			5.2 [illegible]				
			END OF STATEMENT				

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS.

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co. in the enclosed envelope. Also, please inform our auditors directly of any discrepancies you may note.

We suggest that you read the audit instructions on the reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct.

James J Higginson
Authorized Signature

AG MENT SUBORDINATING ACCOUN)

Agreement between JAMES J. HIGGINSON (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($ 1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be May 31, 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated May 26, 1972

and a recent computation of net capital prepared by the Organization dated May 26, 1972. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturiry Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 8th day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKenna
(A duly authorized officer or
general partner)

James J Higginson L.S.
(LENDER)

X

STATE OF New York)
) SS:
COUNTY OF New York)

On this 8th day of August, 1972 before me personally came James J. Higginson (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Joseph Alcoli

[illegible] York
[illegible]
Qualified in [illegible] County
[illegible]
[illegible] 1973

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY CRAIG K. MITCHELL

CUSTOMER CLAIM
in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

14125

Mr. Craig K. Mitchell
Halsey Neck Lane
Southampton, N. Y.

00-01215

(*if the above is incorrect, please change.*)

Social Security Number 084146095

Please insert your Telephone Number and Area Code 516-AT 3-3206

1. Claim for cash as of May 24, 1973:

Weis owes me (Credit Balance) $ —

I owe Weis (Debit Balance) $ —

2. Claim for securities as of May 24, 1973:

(Please check answer)

Weis owes me securities Yes ☒ No ☐

I owe Weis securities Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	Name of Security	Number of Shares or Principal Amount of Bonds or other securities: Weis Owes Me (Long)	Number of Shares or Principal Amount of Bonds or other securities: I Owe Weis (Short)
Unchanged, but	Amherst Inn Co.	10	
all over	Unicapital Corp	5170	
5 years	Shinnecock Hills Golf Club Mtge Partic Ctf due 4/1/69	250	

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. Is this claim consistent with the security and cash position shown on your customer statement as of April ~~30~~ 27, 1973? (SEE ATTACHED XEROX COPY) Yes ☒ No ☐

4. Has there been any change in your account since May 24, 1973? Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)? Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** (If "Yes", explain the relationship.)	Yes ☐	No ☒
7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?**	Yes ☐	No ☒
8. **Are you the sole owner of the cash and securities in the above-described account?** (If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)	Yes ☒	No ☐
9. **Are you a "nominee" with respect to the above-mentioned account?** (If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)	Yes ☐	No ☒
10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** (If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)	Yes ☐	No ☒
11. **Do you maintain a separate account with Weis under any other name?** (If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)	Yes ☐	No ☒
12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** (If "Yes", please identify such person and furnish complete details in an attachment to this claim.)	Yes ☐	No ☒
13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** (If "Yes", please furnish complete details in an attachment to this claim.)	Yes ☐	No ☒

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

6/14/73			
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

PERIOD ENDING		ACCOUNT	R. R.	PAGE
4-27-73	13	00-01215	000	1
LAST STMT		SS/ID NO		
03-30-73	2978			

MR CRAIG K MITCHELL SUB ACCT
PO BOX 727
SOUTH HAMPTON
NEW YORK 11968

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
0330			OPENING BALANCE				
0402	DIV ON		UNICAPITAL CORP 5170	0.0300		155.10	41
0405			040351C7CHK FOR DIV/INT	BKP		155.10	41
0427			CLOSING BALANCE		155.10		41
						155.10	41
	10		AMHERST INN CO	POS			
	5170		UNICAPITAL CORP	POS			41
	250		SHINNECOCK HILLS GOLF CLUB	POS			41
			MTGE PARTIC CTF DUE 4/1/69				41
			END OF STATEMENT		************	************	

DIV 155.10 INT 0.00 MUN 0.00 YTD DV 310.20 YTD INT 0.00 YTD MUN 0.0

PLEASE SIGN AND RETURN THIS COPY. RETAIN 2nd COPY FOR YOUR PERMANENT RECORDS.

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co. in the enclosed envelope. Also please inform our auditors directly of any discrepancies you may note.

We suggest that you read the audit instructions on the reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct.

Authorized Signature

FORM NO.

HEPCO PRINTING CORP

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

RECENT PURCHASE OR SALE
The "settlement date" as shown on your Notice of Trade determines when the item will appear on your statement. If this date was AFTER the period-ending date, shown on the reverse side, the trade will not appear until your NEXT monthly statement.

CASH OR SECURITIES DELIVERED
If cash or securities were delivered from, or received in, our office AFTER the period-ending date, shown on the reverse side, the transaction will not appear until your NEXT monthly statement.

All trades in which the "settlement date" was on or before the period-ending date, shown on the reverse side, and all deliveries from or to our office on or before the period-ending date, shown on the reverse side, should appear on the attached statement.

Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you [illegible] Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System [illegible] ment record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance, it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal, free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1 CASH ACCOUNT
2 MARGIN ACCOUNT
3 OMNIBUS
4 NON-CONVERTIBLE BOND
5 SHORT
6 SPECIAL SUBSCRIPTION
7 CONVERTIBLE BOND
8 NON-REGULATED COMMODITY
9 REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept.,

[illegible]

Agreement made between CRAIG MITCHELL (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be MAY 31 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated MAY 26 1972 and a recent computation of net capital prepared by the Organization dated MAY 26 1972 ___. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturity Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 10th day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKernan
(A duly authorized officer or general partner)

Craig K. Mitchell L.S
(LENDER)

STATE OF NEW YORK)
) SS:
COUNTY OF SUFFOLK)

On this 10th day of August, 1972, before me personally came CRAIG MITCHELL (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Philip B. Matthews
Notary Public

PHILIP B. MATTHEWS
Notary Public, State of New York
Qualified in Suffolk County
Reg. No. [illegible]
Commission Expires March 30, 197[illegible]

NOTE: If executed outside of New York State attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

A-94

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY EUGENE W. STETSON, JR.

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

Edward S. Redington, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

17658

MR EUGENE W STETSON JR
SUB ACCT
15 STURGES HIGHWAY
WESTPORT CONN

00-01203
010 13
9999995

1

Social Security Number
258-09-7178

Please insert your Telephone Number and Area Code 203-CL 9-1749

(if the above is incorrect, please change.)

1. Claim for cash as of May 24, 1973:

Weis owes me (Credit Balance) .... $ 27,409.72

I owe Weis (Debit Balance) .... $ ....

2. Claim for securities as of May 24, 1973:

(Please check answer)

Weis owes me securities .... Yes ☒ No ☐

I owe Weis securities .... Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	**Name of Security**	**Number of Shares or Principal Amount of Bonds or other securities**	
		Weis Owes Me (Long)	**I Owe Weis (Short)**
10/17/72	All American Life	1000	
Unknown	Boston Mass Metro 6.20-95	30,000	
7/25/72	New York State 4.60-88	25,000	

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973? Yes ☒ No ☐

4. Has there been any change in your account since May 21, 1973? Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)? Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

6/13/73	Eugene W. Stetson J		
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

[illegible]EMENT SUBORDINATING ACC[illegible]S)

Agreement between EUGENE STETSON, JR. (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be [illegible] provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated MAY 26 1972 and a recent computation of net capital prepared by the Organization dated MAY 26 1972. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturity Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 21 day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKenna
(A duly authorized officer or general partner)

Eugene W. Stetson Jr L.S
(LENDER)

STATE OF New York)
) SS:
COUNTY OF New York)

On this 21 day of August, 19 72 before me personally came Eugene Stetson SR. (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Geraldine Girshek
GERALDINE GIRSHEK
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-1443123
Qualified in Kings County
Term expires March 30, 19 73

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

CLAIM, WITH ATTACHED COPIES OF SENIOR SUBORDINATED NOTE AGREEMENT AND POWER OF ATTORNEY, SUBMITTED BY ALL AMERICAN LIFE AND CASUALTY COMPANY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,

Applicant,

v.

WEIS SECURITIES, INC.,

Defendant.

73 Civ. 2332

PROOF OF CLAIM BY ALL AMERICAN LIFE & CASUALTY COMPANY

STATE OF ILLINOIS)
: ss.:
COUNTY OF COOK)

Robert L. Busch of No.8501 W. Higgins, Chicago, in the County of Cook, State of Illinois, says:

1. That he is the Vice President of ALL AMERICAN LIFE & CASUALTY COMPANY, a corporation organized and existing under the laws of the State of Illinois, and carrying on business at No. 8501 West Higgins Road, Chicago, Illinois 60631 ("Claimant"), and is duly authorized to make this Proof of Claim on its behalf.

2. (a) That WEIS SECURITIES, INC., the abovenamed Defendant, was at and before May 24, 1973, justly and truly indebted to this Claimant in the sum of $1,200,000.00, together with interest at the rate of ten percent (10%) per annum thereon from April 1, 1973, or $17,424.66 of interest, subject to a right of setoff in favor of this Claimant against funds deposited with O'HARE INTERNATIONAL BANK, N.A., as agent of the Claimant, which right was exercisable

by the Claimant's said agent, O'HARE INTERNATIONAL BANK, N.A., or subject to a right of the return of said funds, by reason of the failure of a condition precedent to the right of the Defendant to acquire said funds and which right of setoff or right to retake said funds was duly exercised in the sum of $220,561.65, leaving an unpaid indebtedness of $996,863.01.

2. (b) That in addition to the aforesaid indebtedness as set forth in 2(a) above, on or about May 9, 1973, the sum of $125,000 belonging to the Claimant and then being held in escrow subject to the satisfaction of certain conditions, was turned over by the escrowee to the Defendant at a time when said conditions precedent had not been satisfied nor fulfilled, and the return of which $125,000 has been demanded; and, therefore, in addition to the aforesaid indebtedness of $996.863.01, the Defendant was justly and truly liable to the Claimant in the sum of $125,000. In the event the Claimant cannot obtain the return of said $125,000 as the return of its property, then, in that event, this Proof of Claim shall be deemed a Proof of Claim for the aggregate sum of $1,121.863.01, plus interest thereon. The foregoing shall not be deemed to constitute a waiver of this Claimant's right(s) to pursue any and all remedies to recover said $125,000 or the damages resulting from the release thereof, from and against any and all persons, including the Defendant, all said rights and all other rights of the Claimant being hereby expressly reserved.

3. That the consideration of the debt in Paragraph 2(a) is as follows: On or about October 9, 1972, the Claimant loaned the sum of $1,200,000 to the said Defendant. The consideration

of the liability in Paragraph 2(b) is as set forth therein.

4. That no part of the debt in Paragraph 2(a) has been paid, except the amount of $220,561.65 applied in reduction of the debt and interest thereon as hereinabove set forth. That no part of the liability in Paragraph 2(b) has been repaid or recovered to date.

5. That there are no setoffs or counterclaims to the said debt nor to the said liability.

6. That the Claimant does not hold, and has not, nor has any person by its order, or to the knowledge or belief of the undersigned, for its use, had or received, any security or securities for the debt or liability, except to the extent that the setoff above referred to may have been deemed to represent security for the debt, which setoff, as noted, has been exercised.

7. and 8. That at the time the $1,200,000 was advanced on or about October 9, 1972, as hereinabove set forth, the same was evidenced by an instrument dated that date, a photocopy of which is attached hereto and the original of which will be produced for examination upon request in this proceeding. However, based upon the fraud of the abovenamed Defendant and its responsible officers, the Claimant has exercised its rights under common law and under the Securities Act of 1933 and the Securities Exchange Act of 1934, to claim recision of the said transactions, and hereby tenders the "Security", consisting of the said instrument dated October 9, 1972, to the Trustee appointed herein as provided in said Acts. That in connection with the improperly turned-over $125,000, the liability resulting therefrom was

immediately due and payable to the Claimant, and was not evidenced by any written instrument.

10. That no judgment has been rendered upon the debt due to this Claimant.

11. In making and filing this Proof of Claim, in addition to the rights reserved above, the Claimant does not waive any rights it may have against any person, firm or corporation arising at common law, under the Securities Act of 1933, or under the Securities Exchange Act of 1934, arising out of negligence, fraud or any expressed or implied warranties or representations or omissions, contractual or imposed by law, and whether or not contained in any of the instruments or documents issued or signed by the said Defendant as part of any of the aforesaid transactions, or issued or signed by any such other person, firm or corporation, or to which any of the aforesaid are parties or responsible for, all of which rights are expressly reserved. The Claimant also reserves the right to amend this Proof of Claim; and reserves the right to file a Proof of Claim as a "customer" under the Securities Investor Protection Act of 1970.

DATED at Chicago, Illinois, this 19th day of June, 1973.

Robert L Busch

........Vice President...........of the Corporation

SENIOR SUBORDINATED NOTE

$1,200,000 No.______________ Due October 1, 1980

Chicago, Ill. October 9, 1972

The undersigned, for value received, promises to pay to the order of ALL AMERICAN LIFE & CASUALTY CO., at the office of O'Hare International Bank, (N.A.), in Chicago, Illinois, ONE MILLION TWO HUNDRED THOUSAND ($1,200,000) Dollars, payable in installments as follows: $40,000 on January 1, April 1, July 1, and October 1, of each year, commencing October 1, 1975, and to and including July 1, 1980, and $400,000 on October 1, 1980, with interest at the rate of 10 per cent per annum from date to maturity, payable quarterly on January 1, April 1, July 1, and October 1, of each year, commencing January 1, 1973, on the principal hereof remaining from time to time unpaid, and with interest at the rate of 15 percent per annum from the maturity of any installment until paid. Interest shall be computed on the basis of a year consisting of 365, or when appropriate 366, days.

This note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Senior Subordinated Note Agreement dated September 29, 1972 (and, if amended, all amendments thereto) between the undersigned, certain Lenders (including the payee), and O'Hare International Bank (N.A.), as Agent, to which reference is hereby made for a statement of said terms and provisions.

WEIS, VOISIN & CO. INC.

BY______________________
(Title)

Address

17 Battery Place North
New York, New York.

POWER OF ATTORNEY

TO: ALAN C. WINICK, ESQ., or I. ALAN HARRIS:

The undersigned, ALL AMERICAN LIFE & CASUALTY COMPANY, does hereby authorize you or either one of you, with full power of substitution, to either one of you, to attend all meetings of creditors of the Defendant WEIS SECURITIES, INC., and all adjournments thereof at the places and time appointed by the Court, and for the undersigned and in the name of the undersigned to vote for or against any proposal or resolution that may be then submitted under the Act of Congress relating to bankruptcy or the Act of Congress known as the "Securities Investor Protection Act of 1970", to vote for a trustee or trustees of the estate of the said Defendant and for a committee of creditors, including either or both of you as members of or counsel to said committee, and to receive payment of dividends and payment or delivery of money, securities, or other consideration due the undersigned, and for any other purpose in the undersigned's interest whatsoever; and with like powers to attend and vote in any other meeting or meetings of creditors or sitting or sittings of the Court which may be held therein for any of the purposes aforesaid.

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed by a duly authorized officer and its seal to be hereunto affixed the 19th day of June, 1973.

(corporate seal) ALL AMERICAN LIFE & CASUALTY COMPANY

By: Robert L Busch
Vice President (Title)

STATE OF ILLINOIS)
: ss.:
COUNTY OF COOK)

On the 19th day of June, 1973, before me personally came, Robert L. Busch, to me known, who being by me duly sworn did depose and say that he is the Vice President of All American Life & Casualty Co. the Corporation described in and which executed the above Power-of-Attorney, that he knows the seal of said Corporation, that the seal affixed to said instrument is said Corporation's seal and that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.

Notary Public

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY HENRY WALLACE COHU

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

Edward S. Redington, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

20521

MR HENRY WALLACE COHU SUB ACCT 00-01200
136 E 79TH STREET 140 13
NEW YORK N Y 10021 9999995

1

(if the above is incorrect, please change.)

Social Security Number
082-18-7868

Please insert your Telephone Number and Area Code 212 RH 4 3455

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance) $792.22

I owe Weis (Debit Balance) $

2. **Claim for securities as of May 24, 1973:**

(Please check answer)

Weis owes me securities Yes ☒ No ☐

I owe Weis securities Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	**Name of Security**	**Number of Shares or Principal Amount of Bonds or other securities**	
		Weis Owes Me (Long)	**I Owe Weis (Short)**

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?** Yes ☒ No ☐

4. **Has there been any change in your account since May 24, 1973?** Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis? Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution? Yes ☐ No ☒

8. Are you the sole owner of the cash and securities in the above-described account? Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. Are you a "nominee" with respect to the above-mentioned account? Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. Are you the beneficiary of another account with Weis maintained by a "nominee"? Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. Do you maintain a separate account with Weis under any other name? Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. Have you authorized any person to execute transactions on your behalf on a discretionary basis? Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970? Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

June 26, 1973
Date **Signature** **Date** **Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

NG		ACCOUNT	R. R.		PAGE
73	13	00-01200	140		1
T		SS/ID NO			
73	2972				

Y WALLACE COHU SUB ACCT
9TH STREET
K N Y 10021

DATE	BOUGHT, RECEIVED OR LONG	SOLD, DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED
0330			OPENING BALANCE			792.22
0406	INT ON		ALBANY CITY NY 5 1/4/8 5000	0.306		153.13
0412			04034772CHK FOR DIV/INT	BKP	153.13	
0427			CLOSING BALANCE			792.22
	1800		TEXACO INC	POS		
	5000		ALBANY CO N Y 5.250 DUE 10/01/88	POS		
	25000		NEW YORK STATE THWY REV 3.900 DUE 01/01/79	POS		
	10000		NEW YORK STATE HFA 5.400 DUE 11/01/85	POS		
	25000		NEW YORK [illegible] 5.10 [illegible]	POS		
			END OF STATEMENT		******************************	

DIV 0.00 INT 0.00 MUN 153.13 YTD DV 774.00 YTD INT 0.00 YTD MUN 640

PLEASE SIGN AND RETURN THIS COPY. RETAIN 2nd COPY FOR YOUR PERMANENT RECORDS.

AUDIT CONFIRMATION

ached statement of your account as of the siness on the period ending date shown t to you by our auditors in connection with f our accounts as prescribed by the New change Inc.

examine the attached statement, and if in the space provided below and return it our auditors Touche Ross & Co. in the velope. Also please inform our auditors y discrepancies you may note.

gest that you read the audit instructions on de of the statement before responding. It is at your reply be related only to the ement.

WTIS SECURITIES, INC.

statement has been examined found to be correct

Authorized Signature

A-111

CUSTOMER CLAIM

FILE COPY

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

1973 JUN 28 AM 10:26

Mr.Henry Wallace Cohu SUB ACCT 00-01200
136 East 79th St., I40 I3
NEW YORK,N.Y. I002I 9999995

I

21913

Social Security Number 682-18-7868

Please insert your Telephone Number and Area Code 212-RH 4 3455

(if the above is incorrect, please change.)

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance) $ 792.22

I owe Weis (Debit Balance) $ ———

2. **Claim for securities as of May 24, 1973:**

(Please check answer)

Weis owes me securities Yes ☒ No ☐

I owe Weis securities Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	Name of Security	Number of Shares or Principal Amount of Bonds or other securities: Weis Owes Me (Long)	Number of Shares or Principal Amount of Bonds or other securities: I Owe Weis (Short)
	Texaco	1800	
	Albany Co. NY 5 1/4-88	5000	
	N.Y. State Thwy 3.90-79	25,000	
	N.Y. State HFA 5.40-85	10,000	
	N.Y. State HFA 5.10-92	25,000	

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?** Yes ☒ No ☐

4. **Has there been any change in your account since May 24, 1973?** Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** Yes ☐ No ☒
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒
(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐
(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒
(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒
(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒
(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒
(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒
(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

June 22 1973
Date
Signature
Date
Signature

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

PERIOD ENDING		ACCOUNT	R. R.	PAGE
4-27-73	13	00-01200	140	1
LAST STMT			SS/ID NO	
03-30-73	2972			

MR HENRY WALLACE COHU SUB ACCT
136 E 79TH STREET
NEW YORK N Y 10021

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED
0330			OPENING BALANCE			792.22
0406	INT ON		ALBANY CITY NY 5 1/4/8 5000	0.306		153.13
0412			04034772CHK FOR DIV/INT	BKP	153.13	
0427			CLOSING BALANCE			792.22
	1800		TEXACO. INC	POS		
	5000		ALBANY CO N Y 5.250 DUE 10/01/88	POS		
	25000		NEW YORK STATE THWY REV 3.900 DUE 01/01/79	POS		
	10000		NEW YORK STATE HFA 5.400 DUE 11/01/85	POS		
	25000		NEW YORK [illegible] 5.10[illegible] 11/[illegible]	POS.		
			END OF STATEMENT		******************	******************

DIV 0.00 INT 0.00 MUN 153.13 YTD DV 774.00 YTD INT 0.00 YTD MUN 64

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co. in the enclosed envelope. Also please inform our auditors directly of any discrepancies you may note.

We suggest that you read the audit instructions on the reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct.

X

Authorized Signature

PLEASE SIGN AND RETURN THIS COPY. RETAIN 2nd COPY FOR YOUR PERMANENT RECORDS.

A-114

AGREEMENT SUBORDINATING ACC[illegible](S)

greement between **HENRY WALLACE COHU** (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter alled the Organization). The Lender now has, or hereafter may have one or ore accounts with the Organization and for and in consideration of the sum f (**$1.00**) this day in hand paid by the Organization to the Lender and for ther good and valuable considerations, the receipt of which is hereby cknowledged, the Lender does hereby irrevocably agree for himself, his eirs, executors, administrators and assigns to subordinate and hereby rrevocably does subordinate any and all claims with respect to said ccount or accounts (whether for money, securities, other property, or nterests therein) which he, as owner, creditor or otherwise, may now or t any time hereafter have against the Organization to the claims of all ther present and future creditors of the Organization, whose claims are ot similarly subordinated (claims hereunder shall rank pari passu with laims similarly subordinated) and to claims which are now or hereafter xpressly stated in the instruments creating such claims to be senior in ight of payment to the claims of the class of this claim, arising out of ny matters occurring prior to the Maturity Date which shall be **May 31, 1974** provided the Lender has made written demand to he Organization for the termination of the subordination at least six (6) onths prior to said Maturity Date. And the Lender, for himself, his eirs, executors, administrators and assigns, hereby agrees that, in the vent of any receivership, insolvency, bankruptcy, assignment for the enefit of creditors, reorganization, whether or not pursuant to bank-uptcy laws, liquidation or any other marshalling of the assets and iabilities of the Organization, the Lender shall not be entitled to articipate or share ratably or otherwise, in the distribution of the ssets of the Organization until all claims of all other present and uture creditors of the Organization arising out of any matter occurring rior to the Maturity Date have been fully satisfied, or provision has een made therefor. Any money, securities, other property, or interests herein, in said account or accounts may be used, pledged, sold, disposed f or transferred or otherwise treated by the Organization as its own roperty and such money, securities, other property, or interests therein, n said account or accounts or the proceeds of sale thereof may be applied y the Organization to the claims of all other creditors of the Organization s fully to all intents and purposes as though the same were property of he Organization. If any of the securities, other property or interests herein in said account or accounts are sold, transferred or disposed of y anyone to whom such securities, other property or interests therein have een pledged, the Lender shall have a contract claim against the Organization or the return of like securities, other property, or interests therein, to he same extent he would have had he loaned the securities, other property, r interests therein, to the Organization at the time of sale, but such ontract claim shall be and remain subordinated to the claims of all other reditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The ender has made such investigation of the Organization and its partners, fficers, directors and stockholders as the Lender deems necessary and ppropriate under the circumstances, including an examination of the latest ertified audit by Touche Ross & Co. dated **May 26, 1972**

and a recent computation of net capital prepared by the Organization dated May 26, 1972. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturiry Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 18th day of August, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY
(A duly authorized officer or general partner)

Henry Wallace Cohn L.S.
(LENDER)

X

4

A-119

STATE OF)
) SS: REPUBLIC OF FRANCE, CITY OF PARIS } SS
EMBASSY OF THE UNITED STATES OF AMERICA
COUNTY OF)

On this 18 day of August 1972 before me personally came Henry Wallace Cohu (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he suly acknowledged to me that he executed the same.

M. Cordelia Sanborn
Vice Consul of the United States
of America

NOTE: If executed outside of New York State, attached certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

A-120

CLAIM, WITH COPY OF SECURED DEMAND NOTE COLLATERAL AGREEMENT, SUBMITTED BY GEORGE D. ALDRICH

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

20044

GEORGE D ALDRICH 00-01212
SUBORDINATE ACCOUNT 140 13
44 PRINCE STREET 9999995
BEVERLY MASS 01915

1

(*if the above is incorrect, please change.*)

Social Security Number 028-12-5593

Please insert your Telephone Number and Area Code 617-927-5474

1. **Claim for cash as of May 24, 1973:**

Weis owes me (Credit Balance) $2414.66

I owe Weis (Debit Balance) .... $..........

2. **Claim for securities as of May 24, 1973:**

	(Please check answer)	
Weis owes me securities	Yes ☒	No ☐
I owe Weis securities	Yes ☐	No ☐

(If "Yes", please list below:)

Date of Transaction	Name of Security	Number of Shares or Principal Amount of Bonds or other securities: Weis Owes Me (Long)	I Owe Weis (Short)
	Eastman Kodak Co	632	
	General Electric	330	
	General Motors	224	
	J. Ray Medermott	459	
	Trans Ocean Oil	1911	
	Enfield Conn 4.7 DUE 87	$70,000	
*SEE BELOW	Conn. State 4.5 Due 87	$50,000	

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. **Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973?**	Yes ☒	No ☐
4. **Has there been any change in your account since May 24, 1973?** (If "Yes", please give details in an attachment to this claim.)	Yes ☐	No ☒
5. **Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)?** (If "Yes", please give details by attaching separate sheet.)	Yes ☒	No ☐

*
Farmington Conn 4.0 Due 86 $35,000
Farmington Conn 4.0 Due 86 $15,000
Puerto Rico Comm 5.5 Due 03 $25,000

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

There is, of course, account George D. Aldrich 01-10615

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

June 22 '73			
Date	**Signature**	**Date**	**Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

PERIOD ENDING		ACCOUNT	R. R.	PAGE
4-27-83	13	00-01212	140	

LAST STMT		SS/ID NO
03-30-83	2977	

GEORGE D ALDRICH
SUBORDINATE ACCOUNT
44 PRINCE STREET
[illegible] MASS [illegible]

DATE		AMOUNT RECEIVED OR LONG	AMOUNT DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
0330				OPENING BALANCE CASH ACCOUNT			2,921.35	5
0402	DIV ON			EASTMAN KODAK CO	632 0.2700		170.64	1
0402	DIV ON			J RAY MCDERMOTT & CO	455 0.2500		114.[illegible]	1
0403				04035106CHK FOR DIV/INT	CKP	283.3[illegible]		
0423				J RAY MCDERMOTT & CO INC	CHK	512.50		
				J RAY MCDERMOTT				
0423	DIV ON			J RAY MC DERMOTT A/C	2050 0.2500		512.[illegible]	
0425	DIV ON			GENERAL ELECTRIC CO	330 0.3500		115.[illegible]	
0426				04037543CHK FOR DIV/INT	CKP	626.00		
0427				CLOSING BALANCE CASH ACCOUNT			2,[illegible]	1
		632		EASTMAN KODAK CO	POS			
		330		GENERAL ELECTRIC CO	POS			
		22		GENERAL MOTORS CO	POS			
		455		J RAY MCDERMOTT & CO INC	POS			
		311		TRANSCO [illegible]	POS			
		50000		CONNECTICUT [illegible] 4.500 DUE 02/01/87	POS			
		70000		ENFIELD CONN 4.700 DUE 03/01/??	POS			
		35000		FARMINGTON CONN SWR 4.000 DUE 03/01/86	POS			
		15000		FARMINGTON CONN 4.000 DUE 03/01/86	POS			
		25000		PUERTO RICO COMWLTH HWY AU REV -CALLABLE- 5.500 DUE 07/01/03	POS			
				END OF STATEMENT				

DIV 913.38 INT 0.00 FUN 0.00 YTD DY 2232.06 YTD INT 0.00 YTD MON [illegible]

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS.

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co. in the enclosed envelope. Also please, inform our auditors directly of any discrepancies you may note.

We suggest that you read the audit instructions on reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct.

Authorized Signature

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

RECENT PURCHASE OR SALE
The "settlement date" as shown on your Notice of Trade determines when the item will appear on your statement. If this date was AFTER the period-ending date, shown on the reverse side, the trade will not appear until your NEXT monthly statement.

CASH OR SECURITIES DELIVERED
If cash or securities were delivered from, or received in, our office AFTER the period-ending date, shown on the reverse side, the transaction will not appear until your NEXT monthly statement.

All trades in which the "settlement date" was on or before the period-ending date, shown on the reverse side, and all deliveries from or to our office on or before the period-ending date, shown on the reverse side, should appear on the attached statement.

Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance, it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal, free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1. CASH ACCOUNT
2. MARGIN ACCOUNT
3. OMNIBUS
4. NON-CONVERTIBLE BOND
5. SHORT
6. SPECIAL SUBSCRIPTION
7. CONVERTIBLE BOND
8. NON REGULATED COMMODITY
9. REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD.

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept.,

June 22, 1973

George D Aldrich
44 Prince Street
Beverly, Massachusetts

Edward S. Redington
Trustee for the Liquidation
of the Business of Weis Securities, Inc.
P. O. Box 109
New York, New York 10004

Dear Sir:

I am a Senior Vice President of Weis. I enclose my latest customer statement with which I find no differences. My ownership of the securities in the subordinated account was derived from family sources, hence there are no conformations or cancelled checks involved.

Sincerely,

George D Aldrich

GDA/jch

cc: file

encl.

A-125

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

v.

WEIS SECURITIES, INC.,
Defendant.

73 Civ. 2332

PROOF OF CLAIM BY INDIVIDUAL

STATE OF MASS
COUNTY OF ESSEX } ss.:

GEORGE D. ALDRICH of No. 44 PRINCE Street, in BEVERLY, County of ESSEX, State of MASS, says:

1. That Weis Securities, Inc., the above-named defendant, was at and before May 24, 1973 and still is, justly and truly indebted [*or* liable] to the undersigned in the sum of 6850.00 dollars.

2. That the consideration of this debt [*or* liability] is as follows: 125 SHARES OF WEISS VOISIN + CANNON CLASS A COMMON DATED MAY 1970; 125 shares of CLASS B COMMON dated May 1970 and 75 shares of Preferred dated May 1970. Certificates A116, B371, and P204

3. That no part of the debt [*or* liability] has been paid except ....

4. That there are no set-offs or counterclaims to the debt [*or* liability] except ....

5. That this creditor does not hold, and has not, nor has any person by his order, or to his knowledge or belief, for his use, had or received, any security or securities for the debt [*or* liability] except ....

6. [*If the debt or liability is founded upon an instrument of writings*] That the instrument upon which the debt [*or* liability] is founded is attached hereto [*or* is lost or destroyed, as set forth in the affidavit attached hereto].

7. [*If the debt is founded upon an open account*] That the debt was [*or* will become] due on .... [*or* that the average due date thereof is ....], that no note or other negotiable instrument has been received for such account or any part thereof [*or* that the debt is evidenced by a note [*or* other negotiable instrument], which is attached hereto]; and that no judgment has been rendered thereon, except ....

Dated at Boston, this 19th day of July, 1973.

George D. Aldrich
Creditor.

There are penalties for presenting fraudulent claims.

AGR ENT SUBORDI TING ACCOU

Agreement between GEORGE ALDRICH (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be MAY 31 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and the prior written consent of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

The Corporation may, at the end of any calendar month, terminate this agreement with the prior written consent of the New York Stock Exchange, after giving the customer notice thereof, specifying in such notice the date of termination, which date shall not be earlier than three calendar months after the end of the month during which such notice is given, unless the Corporation and the Customer shall agree to an earlier date.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

With respect to securities in the said Account, the Corporation agrees that (a) any regular dividends or interest received shall be paid to the Customer and (b) interest at the rate of 4% annually on the value of the securities shall be paid to the Customer in quarterly installments.

With respect to cash in said Account, the Corporation agrees to pay interest at the rate of 9% annually and such interest shall be paid to the Customer in quarterly installments.

Default by the Corporation in paying interest as aforesaid shall not affect the provisions of this Agreement including, without being limited to, the provisions subordinating the Customer's claims with respect to the Account.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated [illegible] ______________________ and a recent computation of net capital prepared by the Organization dated MAY 2 0 1972. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement, which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturiry Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 3 day of Aug, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

BY Leo L McKernan
(A duly authorized officer or general partner)

Floyd D. Aldrich L.S.
(LENDER)

STATE OF ny)
) SS:
COUNTY OF ny)

On this 3d day of Aug, 1972, before me personally came George [illegible] (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Sarah Klein

SARAH KLEIN
Notary Public, State of New York
No. 41-7297100 Queens County
Term Expires March 30, 1974

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

A-132

Aldrich

LOAN APPROVAL NO. .... **NYSE MF SDN—FORM—13**

SECURED DEMAND NOTE
COLLATERAL AGREEMENT

December 1, 1972
(Date)

WEIS, VOISIN & CO., INC.
(Name of Member Organization)
17 Battery Place North
New York, N Y 10004
(Address)

Dear Sirs:

I. *General.* The undersigned has executed in favor of you, WEIS, VOISIN & CO., INC. (the "Organization"), a Secured Demand Note of even date in the form of Annex I hereto. References herein to the "Note" shall be deemed to refer to such Secured Demand Note and to any Note substituted therefor in accordance with the terms hereof. The unpaid principal amount of the Note is hereinafter referred to as the "Indebtedness."

II. *Payments with Respect to Indebtedness.* The Organization promises to pay to the undersigned an amount equal to 8 per cent per annum of the Indebtedness. Such payments shall be credited to the undersigned as of the last day of each month, and shall be paid to the undersigned at the end of each accounting period of the Organization, as such period shall from time to time be determined by the Organization.

III. *The Collateral.* As security for the payment of the Indebtedness evidenced by the Note, the undersigned hereby pledges to the Organization the securities and cash, if any, described in Schedule A annexed to the Note, as the same may from time to time be amended in accordance with the terms hereof (the securities from time to time listed in said Schedule are herein referred to as the "Securities" and any securities, cash or other property at any time pledged hereunder are herein referred to as the "Collateral"). All Securities shall be fully paid for and in bearer form or registered in the name of the Organization or its nominee.

IV. *Ownership and Property Rights with Respect to the Collateral.*

(a) *General.* Subject only to the prior rights of the Organization as pledgee hereunder and under the Note, until liquidated in accordance with Paragraph V(c) hereof, the undersigned shall have and retain full legal and beneficial ownership of the Collateral and shall have the benefit of any increases and bear the risk of any decreases in the value of such Collateral. Prior to such liquidation, the undersigned shall have the sole right to vote or consent with respect to the Securities included therein; shall have the sole right to any income therefrom or distribution thereon by payment of interest or dividends or otherwise, subject, however, to the right of the Organization to receive and hold as pledgee all dividends payable in securities and all partial and complete liquidating dividends; and shall pay all taxes, assessments or other charges upon or with respect to such

Securities or the income therefrom or distributions thereon or the gain or loss of value thereof.

(b) *Purchases and Sales of Collateral.* The undersigned shall have the right at any time and from time to time to direct the sale of any or all of the Securities, and to direct the purchase of securities with any cash included in the Collateral; provided, however, that the net proceeds of any such sale, and the securities so purchased are held by the Organization as Collateral for such Note; and provided, further, that no such transaction shall be permitted if after giving effect thereto, the value of the Collateral determined in accordance with the capital requirements rules and regulations of the New York Stock Exchange, Inc. (the "Exchange") (the "Capital Requirements Value") would be less than the Indebtedness. The undersigned shall have the right to pledge additional cash or securities as Collateral.

(c) *Withdrawal or Substitution of Collateral.* The undersigned shall have the right, subject to Paragraph V(c) (ii), at any time and from time to time to withdraw the whole or any part of the Collateral; provided that the Capital Requirements Value of the remaining Collateral is at least equal to the Indebtedness.

V. *Rights of the Organization.* The Organization, as the holder of the Note and pledgee of the Collateral, shall (without limiting its other rights) be entitled:

(a) To deposit any cash from time to time pledged as Collateral in an account or accounts in its own name in any bank or trust company, and to hold the Securities in bearer form, in its own name, or in the name of its nominee.

(b) With the prior written consent of the Exchange to reduce the unpaid principal amount of the Note.

(c) If the Note is not paid upon presentment and demand as therein provided, to liquidate all or any part of the Collateral and to apply the proceeds of such liquidation (together with any cash included in the Collateral) in payment, in whole or in part, of the Indebtedness. If the Capital Requirements Value of the Collateral is at any time less than the Indebtedness, the Organization shall give written notice to the undersigned, in which event the undersigned may at its option:

(i) pledge additional collateral to bring the Capital Requirements Value of the Collateral to or above the Indebtedness; or

(ii) with the prior written consent of the Exchange and the Organization, reduce the unpaid principal amount of the Note by not more than 15 per cent, provided that the Organization clearly establishes that its aggregate indebtedness would not, after such reduction, exceed 1000 per centum of its net capital (as those terms are defined in the rules of the Exchange in effect at the time) and in the event of such reduction the right of the undersigned to withdraw Collateral as provided in IV(c) shall be suspended.

Unless the unpaid principal amount of the Note is so reduced or such additional Collateral is so pledged prior to twelve o'clock noon, New York time on the business day next succeeding the giving of such notice, the Organization shall forthwith sell all or any part of the Collateral for the account of the Undersigned and apply so much of the proceeds thereof and any cash then included in the Collateral as may be necessary to reduce or eliminate the Indebtedness, provided that the Indebtedness need not be reduced below the Capital Requirements Value of the remaining Collateral. In no event will the sale of the

Collateral and the application of the proceeds be considered an exchange of the Collateral for the registered subordinated debenture issued pursuant to Paragraph VI.

Any liquidation above provided for may be effected by a sale or sales for cash or otherwise, upon an exchange or in the over-the-counter market, or at any other public or private sale, and with or without any advertisement or notice whatsoever, as the Organization in its sole discretion shall determine. The purchaser of any securities at any such sale shall take the same free of any right of redemption and any other right or claim on the part of the undersigned, all of which rights and claims are hereby waived and released. The Organization may not be the purchaser for its own account at any such sale. The proceeds of any such liquidation shall be the net cash proceeds thereof, after deducting all expenses thereof.

(d) Without notice, to pledge, re-pledge, hypothecate, or re-hypothecate, any or all of the Collateral (separately or in common with other securities or any other property) to secure indebtedness of the Organization in any amount (whether larger or smaller than the Indebtedness) and without retaining a like amount of securities in the Organization's possession and control and to lend to itself or others, any or all of the Collateral.

Whenever any of the Collateral shall be applied to the payment of the Indebtedness, the principal amount of the Note shall be deemed paid and satisfied to the extent so applied.

VI. *Right to Receive Subordinated Debenture.* The Organization will issue, and the undersigned will accept, with respect to any payment (as distinguished from a reduction under Paragraph V(b) or V(c)(ii), return under Paragraph VIII or withdrawal under Paragraph IX), of all or part of the unpaid principal amount of the Note (whether pursuant to Paragraph V(c) or VII hereof) a registered subordinated debenture ("Subordinated Debenture") in substantially the form of Annex II hereto evidencing the subordinated indebtedness of the Organization in a principal amount equal to such payment of all or part of the unpaid principal amount of the Note. It is expressly understood, however, that the right of the Organization to liquidate the Collateral and apply the proceeds of such liquidation in payment in whole or in part of the Indebtedness, as provided for in Paragraph V(c), or to pledge, re-pledge, hyphothecate, re-hypothecate or lend any or all of the Collateral, as provided for in Paragraph V(d), shall not be affected in any way by any inability or failure to issue such Subordinated Debenture or any delay in the issuance of the same. Immediately upon such payment and until the issuance to him of such Subordinated Debenture, the undersigned shall have the rights of a subordinated lender on the terms set forth in Annex II.

VII. *Payment of Indebtedness.* The undersigned shall have the right at any time and from time to time to pay the whole or any part of the Indebtedness and to receive therefor Subordinated Debentures of the Organization in accordance with Paragraph VI hereof.

VIII. *Return of Note.*

(a) The Organization may, at the end of any calendar month, return the Note and the Collateral therefor to the undersigned, or reduce the unpaid principal amount of the Note, after giving the undersigned notice thereof, specifying in such notice the date such return or reduction is to be made, which date shall not be earlier than three (3) calendar month(s) after the end of the month during which such notice is given, unless the Organization and the undersigned shall agree to an earlier date.

(b) No such return or reduction shall be made without the prior written approval of the Exchange nor shall any withdrawal be made under Paragraph IX, until after written notice thereof has been given to the Exchange and any similar institution with which the Organization has qualified for privileges the maintenance of which requires such notice.

(c) The undersigned agrees that if the Note is so returned or its principal amount is so reduced, or if the Note is withdrawn under Paragraph IX, and all or any part of the Collateral is returned or withdrawn, and is, immediately after such return, reduction or withdrawal (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at such time or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital as defined in the rules of the Exchange would be less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital"), (whether or not the undersigned had any knowledge or notice of such fact at the time of any such return, reduction or withdrawal), the undersigned will promptly upon written notice by the Organization execute and deliver to the Organization a note identical to and having a principal amount equal to the Note so returned or withdrawn (or in the case of a reduction, in a principal amount equal to the amount of such reduction), and secure such note on the same terms as in this Agreement provided with collateral having a Capital Requirements Value at the time of the delivery at least equal to the face amount of the Note required to be executed and delivered pursuant to this subparagraph (c).

IX. *Withdrawal of Note.* So long as the Capital Requirements Value of the Collateral is not less than the Indebtedness the undersigned shall have the right, subject to the conditions hereof and provided there has been no prior demand by the Organization for payment of the Note, to withdraw the Note and the Collateral on December 1, 1975
(the last day of a month at least 1 year and not more than 10 years from the date hereof)
(the Fixed Withdrawal Date). By written notice delivered no sooner than 6 months from the date hereof to the Organization at its principal office and to the Exchange, the undersigned may accelerate such withdrawal date to the last business day of a calendar month which is not less than 6 months after the receipt of the notice by both the Organization and the Exchange. The Organization's obligation to return the Note and Collateral shall be suspended for any period of time during which, after giving effect to such return (together with (a) the return of any Secured Demand Note, other than the Note, and the collateral therefor held by the Organization and returnable at or prior to the return of the Note and the Collateral and (b) the payment of any other obligation of the Organization payable at or prior to the return of the Note and the Collateral) its net capital would fail to equal or exceed the Applicable Minimum Capital in effect at the time, and during such time the Organization shall as promptly as consistent with the protection of its customers reduce its business to a condition which will permit the withdrawal of the Note and all Collateral (together with (a) the return of any Secured Demand Note, other than the Note, and the collateral therefor held by the Organization and returnable at or prior to the return of the Note and the Collateral and (b) the payment of any other obligation of the Organization payable at or prior

to the return of the Note and the Collateral) without causing the Organization's net capital to be less than its Applicable Minimum Capital at which time the Organization shall return the Note and the Collateral on not less than 5 days prior written notice to the Exchange. If pursuant to the terms hereof, the Organization's obligation to return the Note or the Collateral is suspended, the parties hereto recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that, if its obligation to return the Note and the Collateral is ever suspended for a period of six months, it will forthwith take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business. Anything in this Agreement to the contrary notwithstanding any right of the undersigned to withdraw the Note and the Collateral pursuant to this Paragraph IX or to obtain the return or reduction of the same after notice given to the Organization pursuant to Paragraph VIII and the right of the undersigned to receive payments under Paragraph II is fully and irrevocably subordinate to and subject to the prior payment or provision for payment in full of all claims of all present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior to claims of the class of this claim, arising out of any matter occurring prior to any withdrawal, return or reduction under Paragraph IX or VIII or payment under Paragraph II. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or other marshalling of assets and liabilities of the Organization the undersigned shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied or adequate provision has been made therefor.

X. *Return of Collateral.* If the unpaid principal amount of the Note is reduced, pursuant to Paragraph VIII(a) or Paragraph VII hereof, the Organization shall endorse the Note as discharged and satisfied to the extent of such reduction and shall return to the undersigned such part, if any, of the Collateral therefor if the Capital Requirements Value of the remaining Collateral is not less than the Indebtedness.

XI. *Non-Liability of Exchange.* The Note is not being made and this Agreement is not being entered into in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The undersigned has made such investigation of the Organization and its partners, officers, directors and stockholders as the undersigned deems necessary and appropriate under the circumstances. The undersigned is not relying upon the Exchange to provide, or cause to be provided, any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose, or cause to be disclosed, to the undersigned any information concerning or relating to the Organization which it may now, or at any future time, have. The undersigned agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the undersigned with respect to the undersigned's capital contribution or the repayment thereof or of any interest thereon.

XII. *Miscellaneous Provisions.*

(a) *Warranties of the Undersigned.* The undersigned hereby warrants that he has duly executed the Note, that he has duly delivered the Note to the Organization and upon such delivery the Organization acquired good title thereto, that the Note is his valid and binding obligation enforceable by the Organization in accordance with its terms; that he has duly and validly pledged with the Organization the Securities described in Schedule A annexed to the Note; and that the Organization as pledgee of the Securities has the rights with respect thereto which are conferred upon it by this Agreement. Each such representation and warranty shall survive the execution and delivery of the Note and the pledge of the Securities.

The Lender represents that the Securities may be publicly offered and sold without registration under the Securities Act of 1933 as amended and that the sale and transfer of the Securities is not restricted by that Act nor is it restricted by any other law, agreement or in any other manner.

(b) *Organization as Pledgee of the Collateral.* The Collateral shall be held by the Organization, as pledgee, in accordance with the terms hereof, to assure the faithful performance by the undersigned of his obligations under the Note, in an account in the name of the undersigned, to be designated his "Secured Note Collateral Account". Subject to the prior rights of the Organization as pledgee, title to all Collateral shall remain in the undersigned until such Collateral is applied to the payment of the Indebtedness. All of the right and interest of the Organization in the Collateral shall terminate upon payment in full of all Indebtedness.

(c) *Notices.* Any notice required or permitted to be given under this Agreement shall be sufficiently given if in writing delivered to or sent by registered mail or certified mail (or, in the case of the written notice called for in the first paragraph of Paragraph V(c), by telegram) to the appropriate party at the address set forth in this Agreement, or at any such other address as such party may from time to time specify for the purpose in a notice similarly given.

(d) *Governing Law.* The Agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects including matters of construction, validity and performance

(e) *Arbitration.* Any controversy arising out of or relating to this Agreement or the breach thereof shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The parties hereto and all who may claim under them, shall be conclusively bound by such arbitration.

(f) *Definition of Organization.* The term "Organization" as used in this Agreement shall mean the Organization and its successors and assigns.

(g) *On Whom Binding.* This Agreement shall be binding upon the undersigned, his heirs, executors, administrators, successors and assigns.

(h) *Effective Date.* This Agreement shall be effective from the date that it is approved by the Exchange and shall not be modified or amended without the prior written approval of the Exchange.

Kindly indicate your acceptance of the foregoing by signing the two copies hereof in the space indicated and returning one to the undersigned, thereby constituting the foregoing an agreement among ourselves.

D.
GEORGE ALDRICH
George D. Aldrich
(Signature)

99 HIGH ST.
(Address)
BOSTON MASS 02110.

ACCEPTED AND CONFIRMED:
WEIS, VOISIN & CO., INC.
By Leo L. McKenna

NYSE MF SDN—FORM—13
ANNEX I

SECURED DEMAND NOTE

WEIS, VOISIN & CO., INC.
(Member Organization)

200,000.00
$~~220,000.00~~ G D Aldrich Frank
Dec 27 1972

December 1, 1972
(Date)

FOR VALUE RECEIVED, I promise to pay to WEIS, VOISIN & CO., INC. New York, N Y (the "Organization") at its principal office at 17 Battery Place No., (where presentment and demand for payment shall be made), without interest, the sum of ~~220~~ 200 thousand Dollars ($220,000.) 200,000, on demand.

ck
Aldrich
c 27 72

Frank
G D Aldrich
Dec 27 72

This Note is secured at its date by the pledge of the securities and cash, if any, described in Schedule A annexed hereto. I agree that whenever the value of the securities and cash determined in accordance with the capital requirements rules and regulations of the New York Stock Exchange, Inc. (the Exchange) applicable to the Organization at the time of such valuation securing this Note is less than the unpaid balance of this Note, the Organization shall exercise the rights set forth in Paragraph V(c) of the Secured Demand Note Collateral Agreement (the Collateral Agreement) of even date between me and the Organization without first making a demand for payment hereof.

This Note and the securities and cash from time to time pledged to secure it are subject in all respects to the provisions of the Collateral Agreement, a copy of which may be examined at the principal office of the Organization.

The Organization, by acceptance hereof, agrees, for itself, its representatives, successors and assigns (1) that neither I, my heirs, executors, administrators or assigns shall be personally liable on this Note, it being intended that my obligation to pay the principal amount of this Note is included for the sole purpose of establishing the existence of the indebtedness represented hereby and (2) that in the event of default the Organization and any such successor or assign, shall look for payment solely to the security of the property then pledged to secure the same, and will not make claim or institute any action or proceeding against me, my heirs, executors, administrators or assigns for the payment of this Note (or for any deficiency remaining after application of the property pledged to secure this Note, or otherwise); provided, however, that nothing herein contained shall be construed to release or impair the indebtedness evidenced by this Note, or of the lien upon the property pledged to secure it, or preclude the application of said pledged property to the payment hereof in accordance with the provisions of the Collateral Agreement.

The Organization further agrees that it will make a demand for payment hereof only after it determines in good faith that an event of financial restriction has occurred, provided, however, that no failure to make such a determination in good faith shall affect the effectiveness of a demand, or give rise to any claim which is superior to my claim under the Collateral Agreement for the withdrawal, return or reduction of this Note.

[illegible] any of the following events:

(a) Whenever additional cash is required by the Organization to continue its current operations;

(b) Whenever the Organization requires additional net capital under the then applicable capital requirements rules and regulations of the New York Stock Exchange, Inc.; or

(c) The appointment of a receiver or trustee of the Organization or any insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to the bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization.

(Signature)

SEE REVERSE SIDE FOR EXPLANATION OF SYMBOLS.

PERIOD ENDING		ACCOUNT	R.R.	PAGE
11-24-72	18	00-01212	140	1
DATE OF LAST STATEMENT			SS/ID NO	
10-27-72		1061		

GEORGE D ALDRICH SUB ACCT
C/O WEIS VOISIN & CO
99 HIGH ST
BOSTON MASS 02104

DATE	BOUGHT, RECEIVED OR LONG	SOLD, DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	[illegible]	COMMISSION SEC. OR SEP.
1027			OPENING BALANCE CASH ACCOUNT			27,797.30	10	
1124			CLOSING BALANCE CASH ACCOUNT			27,797.30	10	
	632		EASTMAN KODAK CO	POS			10	
	330		GENERAL ELECTRIC CO	POS			10	
	224		GENERAL MOTORS CORP	POS			10	
	2509		J RAY MCDERMOTT & CO INC	POS			10	
	1911		TRANSOCEAN OIL INC	POS			10	
								**27797.30
			END OF STATEMENT		************	************		

DIV. 0.00 INT 0.00 MUN 0.00 YTD DV 4542.14 YTD INT 0.00 YTD MUN 0.00 0.00

IN ACCOUNT WITH

Weis, Voisin & Co., Inc.
ESTABLISHED 1927
17 BATTERY PLACE NORTH
NEW YORK, NEW YORK 10004
MEMBERS NEW YORK STOCK EXCHANGE, INC.

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Section 4 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1 CASH ACCOUNT
2 MARGIN ACCOUNT
3 OMNIBUS
4 NON CONVERTIBLE BOND
5 SHORT
6 SPECIAL SUBSCRIPTION
7 CONVERTIBLE BOND
8 NON REGULATED COMMODITY
9 REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD.

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

MARGIN COPY

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept., 17 Battery Place North.

A-141

SEE REVERSE SIDE FOR EXPLANATION OF SYMBOLS.

PERIOD ENDING	ACCOUNT	R.R.	PAGE	DATE	BOUGHT, RECEIVED	SOLD, DELIVERED

FILED
JUN 26 1974
ROY BABITT
BANKRUPTCY JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

------------------------x

In the Matter : 73 Civ. 2332

of : PETITION ON BEHALF OF EVA GROSSMANN.

WEIS ECURITIES, INC., :
Debtor.

------------------------x

NOW COME THE PEOPLE OF THE STATE OF ILLINOIS ex rel WILLIAM J. SCOTT, the Attorney General of the State of Illinois, and, in behalf of EVA GROSSMANN, a citizen and resident of the State of Illinois, respectfully petition this Honorable Court as follows:

1. EVA GROSSMANN is a citizen and resident of the State of Illinois. She is a foreign born widow. After having spent the greater part of the war years during the Second World War as a slave laborer in German concentration camps, she came to this country in 1947. From that time on she worked, with the exception of a short intermission, continuously as a fitter for Chas. A. Stevens Co. in Chicago, Illinois, where she is still employed.

2. In 1967, after her husband's death, she was induced by the husband of one of the store's customers, at which she was working, to put all her savings in subordinate debentures of Weis, Voisin, Cannon, Inc. The man who induced her to place her savings in those subordinate debentures was Leo Meiselman, Executive Vice President of Weis, Voisin, Cannon, Inc.

3. In accordance with the aforementioned inducement, a debenture was issued to Mrs. Grossmann by Weis, Voisin and Cannon, in the amount of $15,000.00 on the 28th of June, 1967,

denominated as a two year Debenture Bond. A copy of a letter of Weis, Voisin, Cannon, Inc., dated June 29, 1967, as well as a copy of the bond are herewith attached to this Petition as Exhibit A and B, respectively, and made a part hereof. In a letter, dated July 2, 1969, addressed to Mrs. Grossmann, Weis, Voisin, Cannon, Inc. acknowledged receipt from Mrs. Grossmann [illegible] check in the amount of $5,000.00 for Mrs. Grossmann's Debenture Account; a copy of that letter is attached to this Petition as Exhibit C. No Debenture Bond for the amount of $5,000.00 was ever delivered to Mrs. Grossmann.

4. The debenture bonds in the amount of $20,000.00 were automatically renewed by Weis, Voisin, Cannon, Inc. without ever having asked Mrs. Grossmann for her approval. See copy of letter of Weis, Voisin, Cannon, Inc. dated June 18, 1969, herewith attached hereto as Exhibit D.

5. By letter dated April 27, 1973, Weis Securities Inc. requested Mrs. Grossmann to confirm her account of Subordinated Debentures in the sum of $20,000.00. A copy of that letter is herewith attached to this Petition as Exhibit E.

6. At no time did Weis, Voisin, Cannon, Inc. or any of its representatives inform Mrs. Grossmann of the fact that the debentures issued to her were unsecured and subordinated to the claims of other creditors, nor did Mrs. Grossmann have the educational background or the financial capability or sophistication to understand or grasp the import and significance of a subordinated-unsecured debenture.

7. At no time was any notice or information furnished to

Mrs. Grossmann that Weis, Voisin, Cannon, Inc. had transferred its business to Weis Securities. Failure to give such information was in clear violation of the Illinois Bulk Sales Act.

8. The failure of Weis, Voisin, Cannon, Inc. to fully inform and advise Mrs. Grossmann regarding the nature of the securities sold to her was not only in violation of the Illinois Securities Act (Ill. Rev. Stat. 1973, ch. 121-1/2, sec. 137.12(F), (G), and (I)), and the pertinent provisions of the Federal Securities and Exchange Act but also amounted to gross fraud and the breach of a fiduciary duty owed by the broker to the customer.

9. Weis, Voisin, Cannon, Inc. and Weis Securities, Inc., having committed such fraud and having acted in contravention of the applicable statutes as well as having been guilty of a gross breach of their fiduciary duties, the amount of $20,000.00 paid by Mrs. Grossmann was unlawfully received and held under a constructive trust by Weis, Voisin, Cannon, Inc. and Weis Securities for the benefit of claimant, EVA GROSSMANN.

10. The claim of EVA GROSSMANN in the amount of $20,000.00 was allowed in full by the Trustee as a claim subordinate to the claims of creditors of the Debtor.

WHEREFORE, it is respectfully petitioned that this Court order that the amount of TWENTY THOUSAND DOLLARS ($20,000.00) is held by the Trustee for the liquidation of the business of Weis Securities, Inc., under a constructive trust for the benefit of the claimant, EVA GROSSMANN, and that said amount be segregated from the estate in liquidation and paid out in full to claimant, EVA GROSSMANN.

Respectfully submitted,

WILLIAM J. SCOTT
Attorney General of the State of Illinois
by Fred F. Herzog

160 North LaSalle Street - Suite 900
Chicago, Illinois 60601 (793-3500)

FRED F. HERZOG
First Assistant Attorney General
160 North LaSalle Street - Suite 800
Chicago, Illinois 60601 (793-2457)
Of Counsel.

EXHIBIT A TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JUNE 29, 1967

WEIS, VOISIN, CANNON, INC.
ESTABLISHED 1927
MEMBERS NEW YORK AND AMERICAN STOCK EXCHANGES
AND PRINCIPAL COMMODITY EXCHANGES
141 W. JACKSON BOULEVARD • CHICAGO, ILL 60604
WABASH 2-5100

MAIN OFFICE
111 BROADWAY
NEW YORK, N. Y. 10006
WORTH 4-7300

BRANCH OFFICES
63RD ST. & 2ND AVE., N. Y. C.
CEDARHURST, L. I., N. Y.
CHICAGO, ILLINOIS
NEW HAVEN, CONN.
ENGELWOOD, N. J.
MAPELWOOD, N. J.
MIAMI BEACH, FLA.

June 29, 1967

Mrs. Eva Grossman
1050 West Catalpa
Chicago, Illinois 60640

Dear Mrs. Grossman:

We acknowledge receipt of:

Cashier check #099881 drawn on the Chicago Federal savings and Loan Association payable to Weis, Voisin, Cannon, Inc. in the amount of $7,000.00, and

Cashier check #S0417669 drawn on the Uptown Federal Savings and Loan Association payable to Weis, Voisin, Cannon, Inc. in the amount of $8,000.00.

These funds are to be used to purchase two-year debentures with ninety day notice from our firm, Weis, Voisin, Cannon, Inc.

Thank you for your cooperation, I am,

Respectfully,

WEIS, VOISIN, CANNON, INC.

Leo Meiselman

Leo Meiselman
Executive Vice President

LM:mek

Encl.

A-147

EXHIBIT B TO PETITION ON BEHALF OF EVA GROSSMAN - DEBENTURE BOND

EXHIBIT B

NO. 31 **$** 15,000

WEIS, VOISIN, CANNON, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

NAME OF REGISTERED OWNER Mrs. Eva Grossmann

WEIS, VOISIN, CANNON, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and duly authorized to conduct business in the State of New York (hereinafter called "Corporation") being a member of the New York Stock Exchange, the American Stock Exchange and other principal commodity exchanges, with its principal office at 111 Broadway, New York, N. Y., hereby promises to pay to the registered holder hereof (unless this debenture shall have been duly called for previous redemption and payment) upon presentation hereof on the 1st day of July, 1969, in legal tender of the United States of America, the principal sum of * * * * * * FIFTEEN THOUSAND * * * * * DOLLARS ($ 15,000.00) Payments of principal as well as interest, are to be made at the Main Office of the Corporation. Interest on the remaining unpaid balance of principal shall become due at the rate of 8 per cent per annum from the date hereof, such interest being payable quarter-annually on the first day of April, July, October and January of each month in each and every such month following the date hereof.

The registered holder by acceptance of this subordinated debenture agrees for himself, his heirs, executors, administrators and assigns that the obligations of the Corporation under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Corporation arising out of any matter occurring prior to the Installment Date, and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Corporation, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Corporation until all claims of all other present and future creditors of the Corporation arising out of any matter occurring prior to the Installment Date have been fully satisfied, or provision has been made therefor.

This loan and the various installments thereof hereinabove designated in the repayment schedule, may not be paid in whole or in part prior to the respective Installment Dates there indicated without prior notice to the New York Stock Exchange. If the loan, or any installment thereunder is paid in whole or in part on or prior to the respective Installment Dates and if at the time of any such payment the Corporation shall be insolvent the registered holder agrees irrevocably for himself, his heirs, executors, administrators and assigns (whether or not such registered holder, his heirs, executors, administrators or assigns shall have had any knowledge or notice of such insolvency at the time of any such payment) to repay to the Corporation, its successors and assigns, the sum so paid, for the benefit of all other creditors of the Corporation; provided, however, that any suit for the recovery of any such payment must be commenced within one year of the date of such payment.

The unpaid portion of the obligation of the Corporation hereunder shall forthwith mature, together with interest accrued thereon, in the event of any receivership, insolvency, bankruptcy, assignment for benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Corporation; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest or principal shall not accelerate the maturity of the obligation and payment of the obligation shall remain subordinate as hereinabove set forth.

The registered holder agrees that so long as the Corporation continues as a member corporation of the New York Stock Exchange, he will not, without the prior written approval of said Exchange, transfer, sell, assign, pledge or otherwise create, or permit to be created, any lien, charge or encumbrance upon this instrument.

The term "the Corporation", as used in this agreement shall mean Weis, Voisin, Cannon, Inc., or any successor thereto.

This agreement shall be binding upon the registered holder, his, their or its heirs, executors, administrators, successors and assigns.

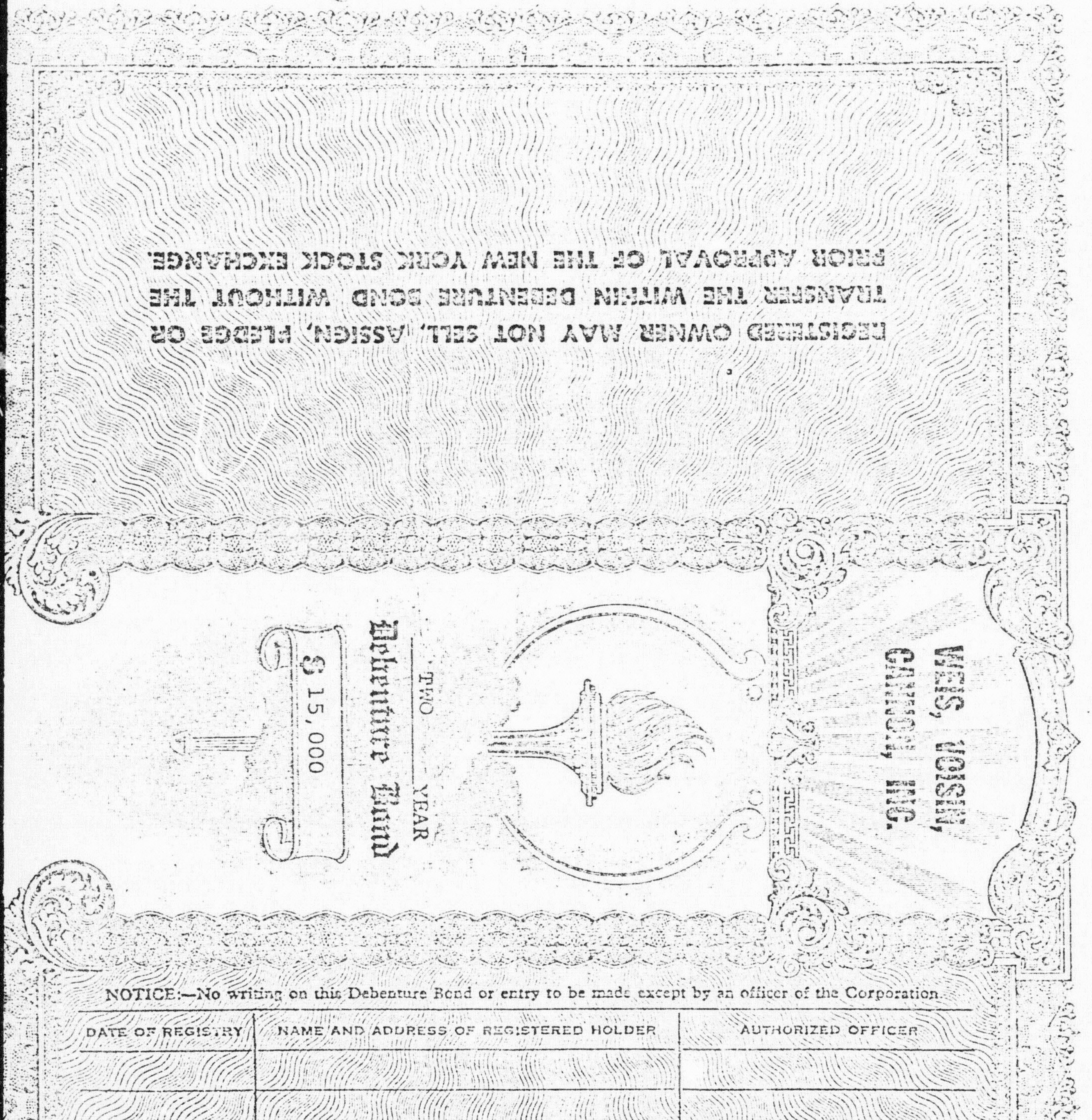
This agreement shall be effective on the date it is approved by the New York Stock Exchange.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 28th day of June, 1967.

WEIS, VOISIN, CANNON, INC.

(CORPORATE SEAL) TWO Year Debenture Bond

By
Secretary



REGISTERED OWNER MAY NOT SELL, ASSIGN, PLEDGE OR TRANSFER THE WITHIN DEBENTURE BOND WITHOUT THE PRIOR APPROVAL OF THE NEW YORK STOCK EXCHANGE.

WEIS, VOISIN, CANNON, INC.

TWO YEAR

Debenture Bond

$ 15,000

NOTICE:—No writing on this Debenture Bond or entry to be made except by an officer of the Corporation.

DATE OF REGISTRY	NAME AND ADDRESS OF REGISTERED HOLDER	AUTHORIZED OFFICER

EXHIBIT B (reverse)

EXHIBIT C TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JULY 2, 1969

NEW YO..K
111 BROADWAY
YORK, N.Y. 10006
WO 4-7300

Weis, Voisin, Cannon, Inc.
[illegible]
Members New York Stock Exchange
Member [illegible] Stock Exchange
and Other Principal Exchanges

CHICAGO
50 W. ADAMS
CHICAGO, ILLINOIS 60603
641-0500

Mrs Eva Grossmann
5840 N Sheridan Rd
Chicago, Ill.

DATE 7-2-69

ACCT. NO.

WE HAVE THIS DAY (RECEIVED ☐ DELIVERED ☐) FOR YOUR ACCOUNT. (☒ CREDIT ☐ DEBIT) YOUR ACCOUNT.

DESCRIPTION	AMOUNT	
Check Received 7-2-69 for Debenture Account of Customer	$5,000	00
Check and receipt to be sent to Mr Harold Federbush in New York Office		

C-100

WEIS, VOISIN, CANNON, INC.

BY mk

EXHIBIT D TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS, VOISIN, CANNON, INC. TO EVA GROSSMAN DATED JUNE 18, 1969

WEIS, VOISIN, CANNON, INC.
ESTABLISHED 1927
MEMBERS NEW YORK AND AMERICAN STOCK EXCHANGES
AND PRINCIPAL COMMODITY EXCHANGES

MAIN OFFICE
111 BROADWAY
NEW YORK, N. Y. 10006
WORTH 4-7300

BRANCH OFFICES
REGENCY TOWERS
63RD ST. & 2ND AVE., N.Y.C.
MID TOWN OFFICE
1385 BROADWAY, N.Y.C.
CHICAGO, ILLINOIS
NEW HAVEN, CONN.
ENGLEWOOD, N. J.
MAPLEWOOD, N. J.
FORT LEE, N. J.
CEDARHURST, N. Y.
NANUET, N. Y.
MIAMI BEACH, FLA.

June 18, 1969

Mrs. Eva Grossmann
5840 N. Sheridan Road
Apartment 305
Chicago, Illinois

Dear Mrs. Grossman:

At Mr. Leo Meiselman's suggestion, enclosed is renewal of the Subordinated Debenture which will mature on July 1, 1969.

Please sign the Agreement on the second page and return to me in the enclosed envelope.

Thank you for your continued interest in this Corporation.

Very truly yours,

WEIS, VOISIN, CANNON, INC.

Lillian Brage

Lillian Brage

LB:kb
Enclosures:

EXHIBIT E TO PETITION ON BEHALF OF EVA GROSSMAN - LETTER FROM WEIS SECURITIES INC. TO EVA GROSSMAN DATED APRIL 27, 1973

41-0500

Chicago off

Weis Securities Inc.
MEMBERS NEW YORK STOCK EXCHANGE, INC.
ONE W.U.I. PLAZA, NEW YORK, NEW YORK 10004 • 212/747-8000

MR. RESNICK
6410515

April 27, 1973

Mrs. Eva Grossman
5650 North Sheridan Road
Chicago, Ill 60626

751-1600

Gentlemen:

Our auditors, Touche Ross & Co., 1633 Broadway, New York, N. Y. 10019, are making an examination of our financial statements. Please confirm to them our accounts with you as of 4-27-73:

	Receivable from you	Payable to you	Terms
Open Account			
Notes and Loans			
Subordinated Debentures	20,000		

Your prompt attention to this request will be appreciated. An envelope is enclosed for your reply.

Very truly yours,

WEIS SECURITIES INC.

Robert K. Lynn
Vice President

Confirmation:

The accounts are correct as of the date indicated, except as noted below:

Date 5-7-73

Signature

A-152

CLAIM, WITH COPY OF SECURED DEMAND NOTE COLLATERAL AGREEMENT, SUBMITTED BY SAMUEL WINSLOW

CUSTOMER CLAIM

in the liquidation of Weis Securities, Inc. ("Weis")

This claim must be completed and mailed promptly, together with supporting documentation, to:

EDWARD S. REDINGTON, *Trustee for the Liquidation*
of the Business of Weis Securities, Inc.
P.O. Box 109
New York, New York 10004

1973 JUL -[illegible] PM 3:56

25709

Mr Samuel Winslow
Sub Acct
39 East 79th Street
N. Y., N. Y. 10021

~~09-99922~~
00-01206

Social Security Number
133-26-4615

Please insert your Telephone Number and Area Code 212-RE 7-3690

1. Claim for cash as of May 24, 1973:

Weis owes me (Credit Balance) $75,748.87

I owe Weis (Debit Balance) $

2. Claim for securities as of May 24, 1973:

(Please check answer)

Weis owes me securities — Yes ☒ No ☐

I owe Weis securities — Yes ☐ No ☒

(If "Yes", please list below:)

Date of Transaction	**Name of Security**	**Number of Shares or Principal Amount of Bonds or other securities**	
		Weis Owes Me (Long)	**I Owe Weis (Short)**
12/15/66	Alaska St Univ 3.4-81	10,000	
11/18/70	Boston Mass Metro 6.20-95	25,000	
3/7/73	N.Y. State HFA 3.30-73	100,000	
7/25/72	N.Y. State 4.60-88	25,000	
11/28/72	N.Y. State HFA 5 1/2-10	25,000	
1/18/73	N.Y. State 4.80-92	25,000	
1/30/73	N.Y. City 5.20-97	25,000	Continued on attached sheet

The cash and/or securities claimed may not include transactions after May 24, 1973.

3. Is this claim consistent with the security and cash position shown on your customer statement as of April 30, 1973? Yes ☒ No ☐

4. Has there been any change in your account since May 24, 1973? Yes ☐ No ☒
(If "Yes", please give details in an attachment to this claim.)

5. Are you an officer or director of Weis or the beneficial owner of 5 per centum or more of any equity security of Weis (other than a non-convertible stock having fixed preferential dividend and liquidation rights)? Yes ☒ No ☐
(If "Yes", please give details by attaching separate sheet.)

(over)

6. **Are you related to any *past* or *present* officer, director, employee, stockholder or other securityholder of Weis?** Yes ☐ No ☒

(If "Yes", explain the relationship.)

7. **Are you a bank, broker or dealer in securities or a subsidiary or affiliate of any such institution?** Yes ☐ No ☒

8. **Are you the sole owner of the cash and securities in the above-described account?** Yes ☒ No ☐

(If "No", please identify by name and address such other person(s) and describe the extent of their ownership in a signed attachment to this claim.)

9. **Are you a "nominee" with respect to the above-mentioned account?** Yes ☐ No ☒

(If "Yes", please identify by name and address the beneficial owner and furnish complete details in an attachment to this claim.)

10. **Are you the beneficiary of another account with Weis maintained by a "nominee"?** Yes ☐ No ☒

(If "Yes", please identify by name and address the "nominee" and furnish complete details in an attachment to this claim.)

11. **Do you maintain a separate account with Weis under any other name?** Yes ☐ No ☒

(If "Yes", please identify such other name and furnish complete details in an attachment to this claim.)

12. **Have you authorized any person to execute transactions on your behalf on a discretionary basis?** Yes ☐ No ☒

(If "Yes", please identify such person and furnish complete details in an attachment to this claim.)

13. **Have you ever filed a claim for securities or cash with any other trustee in a liquidation under the Securities Investor Protection Act of 1970?** Yes ☐ No ☒

(If "Yes", please furnish complete details in an attachment to this claim.)

THE FOREGOING CLAIM IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS.

Date **Signature** **Date** **Signature**

(If account is carried in more than one name, all must sign. If other than a personal account, please state your capacity and authority.)

There are criminal and civil penalties for presenting fraudulent claims.

A legible copy of the following documentation MUST BE forwarded to the Trustee to support your claim and assist in its processing: (1) last customer statement received, together with your comments on differences, if any; (2) a schedule describing how you determined the money balances and securities shown above; (3) purchase and sales confirmations covering the items shown above; (4) cancelled checks; and (5) any other documentation which you believe would be of assistance in processing your claim, such as correspondence, receipts, etc.

COMPLETION OF THIS FORM IN FULL, TOGETHER WITH THE SUPPORTING DOCUMENTATION, IS NECESSARY FOR PROMPT HANDLING OF YOUR CLAIM.

THIS CLAIM MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE JULY 31, 1973 IN ORDER TO BE CONSIDERED IN THIS PROCEEDING.

A-154

Samuel R. Winslow - 00-01206

Date of Transaction	Name of Security	Weis Owes me Long
2/7/73	N.Y. State 5.40-91	25,000
1/18/73	Pa. Genl St Auth 4.60-90	20,000
3/1/73	Puerto Rico Port Auth 5.70-03	25,000
1954	Cities Service Co.	327
1956	Columbia Gas System	400
1950	Empire District Electric	450
1952	General Public Utilities	328
1959	Republic Natl Life Ins.	210
1956	Safeway Stores	200
1952	Wisconsin Public Service	200
12/26/72	Alaska St. Univ. 3.40-81	10,000
6/10/59	Cinn. Ohio Wtr 3.50-74	25,000
11/30/71	Nashville Tenn. 3-83	25,000
1959	N.W. Nitro Chem. 6-79	5,000

No. 5. I am an ExecutiveVice President

PERIOD ENDING		ACCOUNT
4-2 7	13	00-012
LAST STM'		
03-30-7	2974	

Mr. Samuel Winslow
Sub. Acct.
% Weis Securities
'89 Madison Ave.,
N. Y. N. Y. 10021

AUDIT CONFIRMATIO

The attached statement of your
close of business on the period-en
above, is sent to you by our auditors
their audit of our accounts as presc
York Stock Exchange, Inc.

Please examine the attached
correct, sign in the space provided b
promptly to our auditors, Touche R
enclosed envelope. Also please inf
directly of any discrepancies you may

We suggest that you read the a
everse side of this statement befo
important that your reply be rel
attached statement.

WEIS SECURITIES, INC

The attached statement has be
and found to be corr

Authorized Signatu

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PAGE
D. NO.

DATE	BOUGHT, RECEIVED OR LONG	SOLD, DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
			OPENING BALANCE CASH ACCOUNT			0.00	1
0427			CLOSING BALANCE CASH ACCOUNT			0.00	1
	10000 87	✓	ALASKA STATE UNIV 3.400 DUE 07/01/81	POS	8,700		1
	25000 112	✓	BOSTON MASS METRO DIST 6.200 DUE 12/01/95	POS	28,000		1
	100000 99	✓	NEW YORK STATE HFA BAN 3.300 DUE 08/15/73	POS	99,000		1
	25000 97	✓	NEW YORK STATE 4.600 DUE 03/01/86	POS	24,250		1
	25000 98	✓	NEW YORK STATE HFA-CALLABLE- 5.500 [illegible]E [illegible]10	POS	24,500		1
	25000 98	✓	NEW YO[illegible] STATE 4.6[illegible] DUE 02/01	POS	24,500		1
	25000 95	✓	NEW YO[illegible]ITY 5.200 [illegible]37	POS	23,750		1
	25000 100	✓	NEW YORK STATE HFA 5.400 DUE 05/01/91	POS	25,000		1
	20000 91	✓	PENNSYLVANIA GENL STATE AUTH 4.600 DUE 07/15/90	POS	18,200		1
	25000 100	–	PUERTO RICO PORT AUTH REV CALLABLE 5.700 DUE 07/01/03	POS	25,000		1
					****	****	
0330			OPENING BALANCE MARGIN ACCOUNT			75,748.87	2
0427			CLOSING BALANCE MARGIN ACCOUNT			75,748.87	2
					****	****	
0330			OPENING BALANCE			70.00	4
0402	DIV ON		REPUBLIC NATIONAL LIF 210	0.2500		52.50	4
0405			04035104CHK FOR DIV/INT	EKP	122.50		4
0427			CLOSING BALANCE			0.00	4
	327 45		CITIES SERVICE CO	POS	14,715		4

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RETAIN THIS COPY FOR YOUR PERMANENT RECORDS.

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

RECENT PURCHASE OR SALE
The "settlement date" as shown on your Notice of Trade determines when the item will appear on your statement. If this date was AFTER the period-ending date, shown on the reverse side, the trade will not appear until your NEXT monthly statement.

CASH OR SECURITIES DELIVERED
If cash or securities were delivered from, or received in, our office AFTER the period-ending date, shown on the reverse side, the transaction will not appear until your NEXT monthly statement.

All trades in which the "settlement date" was on or before the period-ending date, shown on the reverse side, and all deliveries from or to our office on or before the period-ending date, shown on the reverse side, should appear on the attached statement.

Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal, free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1 CASH ACCOUNT
2 MARGIN ACCOUNT
3 OMNIBUS
4 NON-CONVERTIBLE BOND
5 SHORT
6 SPECIAL SUBSCRIPTION
7 CONVERTIBLE BOND
8 NON REGULATED COMMODITY
9 REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept.,

PERIOD ENDING		ACCOUNT	R R	PAGE
4-27-7	13	00-0120	010	
LAST STMT.		S.S./I.D. NO.		
03-30-7	2915			

Mr. Samuel Winslow
Sub. Acct.
% Weis Securities Inc.
)89 Madison Ave.,
N. Y. N. Y. 12021

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT		DESCRIPTION	PRICE OR ENTRY	AMOUNT CHARGED	AMOUNT CREDITED	ACCT TYPE
	400	31¾		COLUMBIA GAS SYSTEM INC	POS	12,700		4
	450	27½		EMPIRE DISTRICT ELECTRIC CO	POS	12,375		4
	323	20¼		GENERAL PUBLIC UTILITIES CORP	POS	6,642		4
	RNAT 210	11⅜		REPUBLIC NATIONAL LIFE INS CO.	POS	2,388		4
	200	35		SAFEWAY STORES INC	POS	7,000		4
	200	17⅛		WISCONSIN PUBLIC SERVICE CORP	POS	3425		4
	10000	87	✓	ALASKA STATE UNIV 3.400 DUE 07/01/81	POS	8,700		4
	25000	98	✓	CINCINNATI OHIO WTR 3.500 DUE 11/01/74	POS	24,500		4
	25000	84	✓	NASHVILLE TENN 3.000 DUE 06/15/85	POS	21,000		4
	5000	79		*** NORT[illegible]ES[illegible]L-CHEM-REG 62-6.5[illegible] 0.00 DUE 06/30[illegible]	POS	3950		4
						418,295		
				END OF [illegible]		******************************		

DIV 52.50 INT 0.00 MUN 0.00 YTD DV 895.05 YTD INT 237.50 YTD MUN 745.0

RETAIN THIS COPY FOR YOUR PERMANENT RECORDS.

AUDIT CONFIRMATION

The attached statement of your account as of the close of business on the period-ending date shown above, is sent to you by our auditors in connection with their audit of our accounts as prescribed by the New York Stock Exchange, Inc.

Please examine the attached statement, and if correct, sign in the space provided below and return it promptly to our auditors, Touche Ross & Co. in the enclosed envelope. Also please inform our auditors directly of any discrepancies you may note.

We suggest that you read the audit instructions on the reverse side of this statement before responding. It is important that your reply be related only to the attached statement.

WEIS SECURITIES, INC.

The attached statement has been examined and found to be correct.

Authorized Signature

AUDIT INSTRUCTIONS

A brief explanation of the most frequently questioned items may help in checking your statement.

RECENT PURCHASE OR SALE
The "settlement date" as shown on your Notice of Trade determines when the item will appear on your statement. If this date was AFTER the period-ending date, shown on the reverse side, the trade will not appear until your NEXT monthly statement.

CASH OR SECURITIES DELIVERED
If cash or securities were delivered from, or received in, our office AFTER the period-ending date, shown on the reverse side, the transaction will not appear until your NEXT monthly statement.

All trades in which the "settlement date" was on or before the period-ending date, shown on the reverse side, and all deliveries from or to our office on or before the period-ending date, shown on the reverse side, should appear on the attached statement.

Your cooperation is appreciated.

IN ACCOUNT WITH

Weis Securities Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC
ONE W. U. I. PLAZA, NEW YORK, NEW YORK 10004

Interest, if any, is calculated from the 15th of each month to the 15th of the following month. This statement of account shall be deemed correct and shall constitute an account stated unless you give us written notice to the contrary within 10 days after the mailing thereof to you. If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request. If your account reflects a free credit balance it may be withdrawn by you at any time by advising us of your request. Prior to any such withdrawal, free credit balances will not be held in a segregated account and will form part of the general assets and be used in the business of this firm.

THIS STATEMENT SHOULD BE RETAINED AS IT CONTAINS INFORMATION THAT MAY BE NEEDED TO ENABLE YOU TO VERIFY INTEREST CHARGES APPEARING ON SUBSEQUENT STATEMENTS

TYPE OF ACCOUNT

1. CASH ACCOUNT
2. MARGIN ACCOUNT
3. OMNIBUS
4. NON-CONVERTIBLE BOND
5. SHORT
6. SPECIAL SUBSCRIPTION
7. CONVERTIBLE BOND
8. NON-REGULATED COMMODITY
9. REGULATED COMMODITY

PLEASE PRESERVE THIS STATEMENT
FOR YOUR INCOME TAX RECORD.

A financial statement of our firm is available for your personal inspection at our office or a copy of it will be mailed upon written request.

Errors & omissions excepted.

Examine Immediately—If Incorrect, report in writing within ten days to our Customer Service Dept.,

A-156a

AGREEMENT SUBORDINATING ACCOUNT[illegible])

Agreement between SAMUEL R. WINSLOW (hereinafter called the Lender) and Weis, Voisin & Co., Inc. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for and in consideration of the sum of ($1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matters occurring prior to the Maturity Date which shall be May 31, 1974 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date. And the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the Organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

he Lender further agrees at until the Maturity Dat he will not withdraw ny money, securities, other property, or interests therein, from said ccount or accounts without the prior written consent of an officer of the rganization who is a holder of voting stock in the organization or a eneral partner of the Organization, and the prior written consent of the ew York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the ime of any such withdrawal, the Organization was insolvent, the Lender grees for himself, his heirs, executors, administrators, or assigns whether or not the Lender, his heirs, executors, administrators, or assigns ad any knowledge or notice of such insolvency at the time of any such ithdrawal) to repay and return to the Organization, its successors and ssigns, all money, securities or other property, or interests therein, so ithdrawn, for the benefit of all other creditors of the Organization; rovided however, that any suit for the recovery of such withdrawal must be ommenced within one year of the date of such withdrawal.

he Corporation may, at the end of any calendar month, terminate this greement with the prior written consent of the New York Stock Exchange, fter giving the customer notice thereof, specifying in such notice the ate of termination, which date shall not be earlier than three calendar onths after the end of the month during which such notice is given, unless he Corporation and the Customer shall agree to an earlier date.

his instrument embodies the entire agreement of subordination between the arties and no other evidence of such agreement has been or will be xecuted without the prior written consent of the New York Stock Exchange.

ith respect to securities in the said Account, the Corporation agrees that a) any regular dividends or interest received shall be paid to the ustomer and (b) interest at the rate of 4% annually on the value of the ecurities shall be paid to the Customer in quarterly installments.

ith respect to cash in said Account, the Corporation agrees to pay interest t the rate of 9% annually and such interest shall be paid to the Customer n quarterly installments.

efault by the Corporation in paying interest as aforesaid shall not affect he provisions of this Agreement including, without being limited to, the rovisions subordinating the Customer's claims with respect to the Account.

he subordination of Lender's claims to said account or accounts is not eing made in reliance upon the standing of the Organization as a Member rganization of the New York Stock Exchange ("Exchange") or upon the xchange's surveillance of the Organization or its capital position. The ender has made such investigation of the Organization and its partners, fficers, directors and stockholders as the Lender deems necessary and ppropriate under the circumstances, including an examination of the latest ertified audit by Touche Ross & Co. dated May 26, 1972 and a recent computation of net capital prepared by the Organization dated May 26, 1972 ____________________. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund, or any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted, but also any successor or assign of the Organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Customer previously executed an agreement with Winslow, Cohu & Stetson, Incorporated ("Winslow") substantially similar to this Agreement. which agreement between the Customer and Winslow hereinafter is referred to as the "Winslow Subordination Agreement". In connection with the Winslow Subordination Agreement, the customer agrees, as follows:

1. Customer agrees that the execution of this Agreement between the Customer and Corporation shall not release Customer from any liability such Customer has, or may have, pursuant to the Winslow Subordination Agreement with respect to the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

2. No money, securities, or other property shall be withdrawn by Customer from the Account of Customer with Corporation pursuant to this Agreement if the net effect of such withdrawal would be to reduce the total value of said Account, exclusive of dividends and interest paid pursuant to (a) and (b) on page 2.

3. Corporation shall have the right in accordance with the provisions of the Purchase Agreement dated September 19, 1969 between Winslow and the Corporation (which is incorporated herein by reference), to use, pledge, sell, dispose of, transfer and apply the money, securities, or other property in Customer's Account with Corporation to the extent necessary to pay or discharge the claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement.

4. The claims of present and future creditors of Winslow arising out of any matters occurring prior to the termination date of the Customer's Winslow Subordination Agreement shall have preference and priority with respect to the Account of Customer with Corporation over the claims of present and future creditors of Corporation arising out of any matters occurring prior to the Maturity Date.

5. Except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to termination date of the Winslow Subordination Agreement, any cash, securities or other property in Customer's Accounts shall remain subordinate to the claims of all general creditors of Corporation in accordance with this Agreement.

6. Upon the Maturity Date of Customer's Agreement with Corporation, the Corporation shall deliver the cash, securities, or other property then held in the Customer's Account with Corporation to Customer except to any extent first required to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date and thereafter except to any extent retained or utilized by Corporation in accordance with this Agreement to pay or provide for claims of present and future creditors of the Corporation arising out of any matters occurring prior to the Maturiry Date. Any cash, securities, or other property which may be delivered on or after the Maturity Date by Corporation to Winslow from the Account of the Customer with Corporation shall be applied by Winslow to pay or provide for present and future creditors of Winslow arising out of any matters occurring prior to the termination date.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice, the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 10 day of Aug, 1972.

SEAL

WEIS, VOISIN & CO., INC. L.S.
(ORGANIZATION)

By Leo L McKernan

BY
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXX Lender

L.S.
XXXXXXXX

A-162

STATE OF)

COUNTY OF ny) SS:

)

On this 10 day of aug., 19)74 before me personally came Samuel Fiedler (Lender's name) to me known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Sarah Klein

SARAH KLEIN
Notary Public, State of New York
No. 41-7297100 Queens County
Term expires March 30, 1974

NOTE: If executed outside of New York State, attached Certificate of County Clerk or other appropriate official as to authority of the Notary Public or other official taking the acknowledgement.

CLAIM, WITH COPY OF CASH SUBORDINATION AGREEMENT, SUBMITTED BY ARTHUR J. KREIZEL

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

v.

WEIS SECURITIES, INC.,
Defendant.

73 Civ. 2332

PROOF OF CLAIM BY INDIVIDUAL

STATE OF Vermont
COUNTY OF Lamoille } ss.:

Arthur J. Kreizel, of ~~No.~~ Mountain Road, R.D.1 ~~Street~~, in Stowe, County of Lamoille, State of Vermont, says:

1. That Weis Securities, Inc., the above-named defendant, was at and before May 24, 1973 and still is, justly and truly indebted [*or* liable] to the undersigned in the sum of $200,000.00 dollars.

2. That the consideration of this debt [*or* liability] is as follows: 1971, EMENEE, 1,000 shares; 2/10/72, $100,000 subordinated loan; 4/21/72, $100,000 subordinated loan.

3. That no part of the debt [*or* liability] has been paid except None

4. That there are no set-offs or counterclaims to the debt [*or* liability] except None

5. That this creditor does not hold, and has not, nor has any person by his order, or to his knowledge or belief, for his use, had or received, any security or securities for the debt [*or* liability] except None

6. [*If the debt or liability is founded upon an instrument of writings*] That the instrument upon which the debt [*or* liability] is founded is attached hereto [*or* is lost or destroyed, as set forth in the affidavit attached hereto].

7. [*If the debt is founded upon an open account*] That the debt ~~xxx~~ is [*or* will become] due on 1/31/76, 4/21/76 [~~[illegible]~~] ~~[illegible]~~ that the debt is evidenced by a note [*or* other negotiable instrument], which is attached hereto]; ~~[illegible] has been tendered [illegible], except~~

Dated at Stowe, this 15th day of August, 1973.

...., Creditor.

There are penalties for presenting fraudulent claims.

A-164

LOAN APPROVAL NO. .... **NYSE MF CSA—FORM—1**

CASH SUBORDINATION AGREEMENT

AGREEMENT dated as of ....April 21, 1972..............................
between ..ARTHUR J. KREIZEL.............................. (the "Lender")
and ..WEIS, VOISIN & CO., INC. .... (the "Organization").

Subject to the terms and conditions hereinafter set forth, the Organization promises to pay to the Lender or assigns, on ..April 21, 1976.. (the "Fixed Payment Date") (the last day of a month at least 1 year and not more than 10 years from the date hereof) at the principal office of the Organization, $100,000 and interest payable quarterly at the rate of 10 % per annum from the date hereof. By written notice, delivered to the Organization at its principal office and to the New York Stock Exchange, Inc. (the "Exchange") no sooner than 6 months from the date hereof, the Lender may accelerate such payment date to the last business day of a calendar month not less than 6 months after the receipt of such notice by both the Organization and the Exchange. The Organization's obligation to pay the principal amount hereof shall be suspended for any period of time during which after giving effect to such payment (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at the time payment is to be made or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital, as defined in the rules of the Exchange, is less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital") and during any such suspension the Organization shall, as promptly as consistent with the protection of its customers, reduce its business to a condition whereby the principal amount hereof with accrued interest thereon could be paid (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) without the Organization's net capital being below the Applicable Minimum Capital, at which time the Organization shall repay the principal amount hereof plus accrued interest on not less than 5 days prior written notice to the Exchange. The first day at which under this paragraph the Organization has an obligation to pay the principal amount hereof, is hereinafter referred to as the maturity date. If pursuant to the terms hereof the Organization's obligation to pay the principal amount hereof is suspended, the Organization and the Lender recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that if its obligation to pay the principal amount hereof is ever suspended for a period of six months, the Organization agrees that it will promptly take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business.

The Lender irrevocably agrees that the obligations of the Organization under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matter occurring prior to the maturity date of this debenture. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 ("SIPA") or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied, or provision has been made therefor.

Payment of all or any part of the principal amount hereof prior to the maturity date may be made by the Organization only upon receipt of the prior written approval of the Exchange. If payment is made of all or any part of the principal hereof on or prior to the maturity date and if immediately after any such payment the Organization's net capital is less than the Applicable Minimum Capital, the Lender agrees irrevocably (whether or not such Lender had any knowledge or notice of such fact at the time of any such payment) to repay to the Organization, its successors or assigns, the sum so paid, to be held by the Organization pursuant to the provisions hereof as if such payment had never been made; provided, however, that any suit for the recovery of any such payment must be commenced within two years of the date of such payment.

The unpaid principal amount hereof shall forthwith mature, together with fixed interest accrued thereon, in the event of any receivership, insolvency, liquidation pursuant to SIPA or otherwise, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest shall not accelerate the maturity hereof and the obligation to make payments hereunder shall remain subordinate as hereinabove set forth.

The Lender irrevocably agrees that the loan evidenced hereby is not being made in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

This agreement may not be transferred, sold, assigned, pledged or otherwise encumbered or otherwise disposed of, and no lien, charge or other encumbrance may be created or permitted to be created thereon without the prior written consent of the Exchange.

The term "Organization" as used in this agreement, shall include the Organization and its successors and assigns.

The provisions of this agreement shall be binding upon the Lender, his heirs, executors, administrators, successors and assigns.

Any controversy arising out of or relating to this agreement shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The Organization and the Lender shall be conclusively bound by such arbitration.

This instrument embodies the entire agreement between the Organization and Lender and no other evidence of such agreement has been or will be executed without the prior written consent of the Exchange.

This agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 21st day of April, 1972.

WEIS, VOISIN & CO., INC.
(Name of Organization)

By Geo. L. McKernan L.S.
(Authorized Person)

.... L.S.
(Lender)

LOAN APPROVAL NO. .... **NYSE MF CSA—FORM—1**

CASH SUBORDINATION AGREEMENT

AGREEMENT dated as of .... FEBRUARY 10, 1972 ....
between ARTHUR J. KREIZEL .... (the "Lender")
and ... WEIS, VOISIN & CO., INC. .... (the "Organization").

Subject to the terms and conditions hereinafter set forth, the Organization promises to pay to the Lender or assigns, on... Jan. 31, 1976 .. (the "Fixed Payment Date") (the last day of a month at least 1 year and not more than 10 years from the date hereof) at the principal office of the Organization. $100,000 and interest payable quarterly at the rate of 10 % per annum from the date hereof. By written notice, delivered to the Organization at its principal office and to the New York Stock Exchange, Inc. (the "Exchange") no sooner than 6 months from the date hereof, the Lender may accelerate such payment date to the last business day of a calendar month not less than 6 months after the receipt of such notice by both the Organization and the Exchange. The Organization's obligation to pay the principal amount hereof shall be suspended for any period of time during which after giving effect to such payment (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at the time payment is to be made or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital, as defined in the rules of the Exchange, is less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital") and during any such suspension the Organization shall, as promptly as consistent with the protection of its customers, reduce its business to a condition whereby the principal amount hereof with accrued interest thereon could be paid (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) without the Organization's net capital being below the Applicable Minimum Capital, at which time the Organization shall repay the principal amount hereof plus accrued interest on not less than 5 days prior written notice to the Exchange. The first day at which under this paragraph the Organization has an obligation to pay the principal amount hereof, is hereinafter referred to as the maturity date. If pursuant to the terms hereof the Organization's obligation to pay the principal amount hereof is suspended, the Organization and the Lender recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that if its obligation to pay the principal amount hereof is ever suspended for a period of six months, the Organization agrees that it will promptly take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business.

The Lender irrevocably agrees that the obligations of the Organization under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matter occurring prior to the maturity date of this debenture. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 ("SIPA") or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied, or provision has been made therefor.

Payment of all or any part of the principal amount hereof prior to the maturity date may be made by the Organization only upon receipt of the prior written approval of the Exchange. If payment is made of all or any part of the principal hereof on or prior to the maturity date and if immediately after any such payment the Organization's net capital is less than the Applicable Minimum Capital, the Lender agrees irrevocably (whether or not such Lender had any knowledge or notice of such fact at the time of any such payment) to repay to the Organization, its successors or assigns, the sum so paid, to be held by the Organization pursuant to the provisions hereof as if such payment had never been made; provided, however, that any suit for the recovery of any such payment must be commenced within two years of the date of such payment.

The unpaid principal amount hereof shall forthwith mature, together with fixed interest accrued thereon, in the event of any receivership, insolvency, liquidation pursuant to SIPA or otherwise, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest shall not accelerate the maturity hereof and the obligation to make payments hereunder shall remain subordinate as hereinabove set forth.

The Lender irrevocably agrees that the loan evidenced hereby is not being made in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

This agreement may not be transferred, sold, assigned, pledged or otherwise encumbered or otherwise disposed of, and no lien, charge or other encumbrance may be created or permitted to be created thereon without the prior written consent of the Exchange.

The term "Organization" as used in this agreement, shall include the Organization and its successors and assigns.

The provisions of this agreement shall be binding upon the Lender, his heirs, executors, administrators, successors and assigns.

Any controversy arising out of or relating to this agreement shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The Organization and the Lender shall be conclusively bound by such arbitration.

This instrument embodies the entire agreement between the Organization and Lender and no other evidence of such agreement has been or will be executed without the prior written consent of the Exchange.

This agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this ....10th..... day of ..February......, 1972.

WEIS, VOISIN & CO., INC.
(Name of Organization)

By .... L.S.
(Authorized Person)

x .... L.S.
(Lender)

A-170

CLAIM, WITH COPY OF SUBORDINATING AGREEMENT, SUBMITTED BY EVA GROSSMAN

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

v.

WEIS SECURITIES, INC.,
Defendant.

73 Civ. 2332

WEIS SECURITIES INC.
SEP 11 PM 3:29
RECEIVED
[illegible]

PROOF OF CLAIM BY INDIVIDUAL

STATE OF
COUNTY OF } ss.:

Mrs. Eva Grossman of No. 5650 North Sheridan Rd. Street, in Chicago, County of Cooks, State of Illinois, says:

1. That Weis Securities, Inc., the above-named defendant, was at and before May 24, 1973 and still is, justly and truly indebted [xxxxxx] to the undersigned in the sum of $20,000.00 dollars.

2. That the consideration of this debt [*or* liability] is as follows: Subordinated Debentures issued by Weis, Voisin, Cannon, Inc. in amount of $20,000.00

3. That no part of the debt [xxxxxxx] has been paid xxxxx

4. That there are no set-offs or counterclaims to the debt [xxxxxxxxxxxxxx

5. That this creditor does not hold, and has not, nor has any person by his order, or to his knowledge or belief, for his use, had or received, any security or securities for the debt [xxxxxxxxxxxxx

6. [*If the debt or liability is founded upon an instrument of writings*] That the instrument upon which the debt [*or* liability] is founded is attached hereto [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxx].

7. [*If the debt is founded upon an open account*] That the debt was [*or* will become] due on .... [*or* that the average due date thereof is ....], that no note or other negotiable instrument has been received for such account or any part thereof [*or* that the debt is evidenced by a note [*or* other negotiable instrument], which is attached hereto]; and that no judgment has been rendered thereon, xxxxx

Dated at Chicago, this 25th day of August, 1973.

Eva Grossman,
Creditor.

There are penalties for presenting fraudulent claims.

No. 31 $ 15,000

WEIS, VOISIN, CANNON, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

NAME OF REGISTERED OWNER Mrs. Eva Grossmann

WEIS, VOISIN, CANNON, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and duly authorized to conduct business in the State of New York (hereinafter called "Corporation") being a member of the New York Stock Exchange, the American Stock Exchange and other principal commodity exchanges, with its principal office at 111 Broadway, New York, N. Y., hereby promises to pay to the registered holder hereof (unless this debenture shall have been duly called for previous redemption and payment) upon presentation hereof on the 1st day of July, 1969, in legal tender of the United States of America, the principal sum of * * * * * * FIFTEEN THOUSAND * * * * * DOLLARS ($ 15,000.00)
Payments of principal as well as interest, are to be made at the Main Office of the Corporation. Interest on the remaining unpaid balance of principal shall become due at the rate of 8 per cent per annum from the date hereof, such interest being payable quarter-annually on the first day of April, July, October and January of each month in each and every such month following the date hereof.

The registered holder by acceptance of this subordinated debenture agrees for himself, his heirs, executors, administrators and assigns that the obligations of the Corporation under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Corporation arising out of any matter occurring prior to the Installment Date, and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Corporation, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Corporation until all claims of all other present and future creditors of the Corporation arising out of any matter occurring prior to the Installment Date have been fully satisfied, or provision has been made therefor.

This loan and the various installments thereof hereinabove designated in the repayment schedule, may not be paid in whole or in part prior to the respective Installment Dates there indicated without prior notice to the New York Stock Exchange. If the loan, or any installment thereunder is paid in whole or in part on or prior to the respective Installment Dates and if at the time of any such payment the Corporation shall be insolvent the registered holder agrees irrevocably for himself, his heirs, executors, administrators and assigns (whether or not such registered holder, his heirs, executors, administrators or assigns shall have had any knowledge or notice of such insolvency at the time of any such payment) to repay to the Corporation, its successors and assigns, the sum so paid, for the benefit of all other creditors of the Corporation; provided, however, that any suit for the recovery of any such payment must be commenced within one year of the date of such payment.

The unpaid portion of the obligation of the Corporation hereunder shall forthwith mature, together with interest accrued thereon, in the event of any receivership, insolvency, bankruptcy, assignment for benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation or any other marshalling of the assets and liabilities of the Corporation; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest or principal shall not accelerate the maturity of the obligation and payment of the obligation shall remain subordinate as hereinabove set forth.

The registered holder agrees that so long as the Corporation continues as a member corporation of the New York Stock Exchange, he will not, without the prior written approval of said Exchange, transfer, sell, assign, pledge or otherwise create, or permit to be created, any lien, charge or encumbrance upon this instrument.

The term "the Corporation", as used in this agreement shall mean Weis, Voisin, Cannon, Inc., or any successor thereto.

This agreement shall be binding upon the registered holder, his, their or its heirs, executors, administrators, successors and assigns.

This agreement shall be effective on the date it is approved by the New York Stock Exchange.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 28th day of June, 1967.

WEIS, VOISIN, CANNON, INC.

(CORPORATE SEAL) TWO Year Debenture Bond By

Secretary

A-171

NEW YORK
111 BROADWAY
EW YORK. N.Y. 10006
WO 4-7300

Weis, Voisin, Cannon, Inc.
ESTABLISHED 1927
Members New York Stock Exchange
Members American Stock Exchange
And Other Principal Exchanges

CHICAGO
50 W. ADAMS
CHICAGO. ILLINOIS 60603
641-0500

Mrs Eva Grossmann
5840 N Sheridan Rd
Chicago, Ill.

DATE 7-2-69

ACCT. NO.

WE HAVE THIS DAY (RECEIVED ☐ DELIVERED ☐) FOR YOUR ACCOUNT. (☒ CREDIT ☐ DEBIT) YOUR ACCOUNT.

DESCRIPTION	AMOUNT
Check Received 7-2-69 for Debenture Account of Customer	$5,000.00
Check and receipt to be sent to Mr Harold Federbush in New York Office	

VC-100

WEIS. VOISIN. CANNON. INC.

BY mk

CLAIM AND COPIES OF PROMISSORY NOTES OF FIDELITY CORPORATION

BK-9

United States District Court

FOR THE Southern District of New York

IN RE

Weis Securities Inc.

Bankrupt. *
Debtor. *

BANKRUPTCY
NO. 73 Civ 2332

ACKNOWLEDGMENT OF CLAIM

To

Fidelity Corp.

RECEIPT IS ACKNOWLEDGED OF THE CLAIM OF

for the sum of $1,200.00, for filing in the above entitled cause.

Ref R. Babitt /SG
10-12-73
Bankruptcy Judge.

---

* *Include all names used by bankrupt (or debtor) within last 6 years.*

FPI-MI—8-30-73-50M-1018

p173

REQUEST POST-MARKED AUG-8-'73

A-174

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

v.

WEIS SECURITIES, INC.,
Defendant.

73 Civ. 2332

PROOF OF CLAIM BY CORPORATION

STATE OF Richmond
COUNTY OF Henrico } ss.:

c/o Baer & Marks, Esqs.

Charles D. Robinson / of No. 70 Pine, Street, in the County of New York State of New York, says:

1. That he is the Vice Pres. / and Secretary of Fidelity Corporation, a corporation organized and existing under the laws of the State of Virginia, and carrying on business at ~~XX~~ Ninth and Main Streets in Richmond, County of Henrico, State of Virginia, and is duly authorized to make this proof of claim on its behalf.

2. That Weis Securities, Inc., the above-named defendant, was at and before May 24, 1973 and still is, justly and truly indebted [or liable] to this corporation in the sum of 1,200,000 dollars.

3. That the consideration of this debt [or liability] is as follows:
monies loaned and payable pursuant to agreement

4. That no part of the debt [or liability] has been paid, ~~except~~

5. That there are no set-offs or counterclaims to the debt [or liability] ~~except~~

6. That the corporation does not hold, and has not, nor has any person by its order, or to the knowledge or belief of the undersigned, for its use, had or received, any security or securities for the debt [or liability]. ~~except~~

6a. This proof of claim is filed to protect the interest of the undersigned and without prejudice to the right of the undersigned to seek rescission as to the note and agreement, or either of them, on which this claim is based.

7. [If the debt or liability is founded upon an instrument of writing] That the instrument upon which the debt [or liability] is founded is attached hereto ~~[or is lost or destroyed, as set forth in the affidavit hereto annexed]~~ as Exhibit 1 (as to $200,000 of this claim).

8. ~~[If the debt is founded upon an open account] That the debt was [or will become] due on .... [or that the average due date thereof is ....]; that no note or other negotiable instrument has been received for such account or any part thereof~~ ~~[or~~ that the debt is evidenced by a note [or other negotiable instrument], which is attached hereto as Exhibit 2 ~~;~~ and that no judgment has been rendered thereon, ~~except~~ (as to $1,000,000).

Charles D. Robinson

Charles D. Robinson

Dated at Richmond, Va. this .... day of October, 1973.

Vice President of the Corporation.

There are penalties for presenting fraudulent claims.

[illegible] assigned 7/7/72 [illegible] W.V. Capital Planning [illegible] Inc.

THIS AGREEMENT, made as of this 21st day of January 1971, between FIDELITY CORPORATION, a Virginia corporation (Fidelity), and WEIS, VOISIN & CO., INC., a Delaware corporation (WVC).

W I T N E S S E T H:

WHEREAS, Fidelity and WVC are desirous of entering into certain agreements with respect to the sale of insurance; and

WHEREAS, Fidelity is agreeable to lending WVC One Million Dollars ($1,000,000.00) pursuant to the terms and conditions of a certain Subordinated Promissory Note, hereinafter referred to;

NOW, THEREFORE, the parties hereto covenant and agree as follows:

1. Subject to regulatory approval including that of the New York Stock Exchange, Fidelity will cause the appointment of WVC as a general agent for the sale of life insurance of the type now or hereafter sold by any of the Fidelity insurance companies controlled by, affiliated with, or approved in writing by Fidelity, and during the term of this Agreement, or any renewal hereof (subject to such approval and execution of a general agent's contract), WVC will use its best efforts to sell the maximum possible amount of insurance and in any event to meet the premium quotas set forth in paragraph 2 hereof. Except as set forth below, WVC shall be the only New York Stock Exchange member firm appointed by Fidelity for the sale of life insurance. As long as the general agent's contract is in force and effect, WVC covenants and agrees that it will not either directly or indirectly sell life insurance for insurance companies other than those controlled by, affiliated with, or approved in writing by Fidelity.

2. (a) Fidelity shall have the right to appoint other New York Stock Exchange member firms as general agents for its insurance companies if:

(1) the annualized premiums from life insurance written by WVC while acting as exclusive general agent during each 12 calendar months of the contract (computed from the first day of the month following the execution of the general agent's contract), hereinafter called "the Fiscal Year," are less than

See #1

(i) $1,000,000 for the first year;

(ii) $1,500,000 for the second year;

(iii) $2,000,000 for the third year and all years thereafter; and

(2) The annualized premium during any Fiscal Year has a persistency of less than 85%. For the purpose of determining persistency, an evaluation shall be made at the end of each 24 months following the commencement of any Fiscal Year, and said 85% persistency shall be deemed to have been met if 85% of the aggregate premiums written during the Fiscal Year are still in force as of the evaluation date. For the purpose of this subparagraph (2), a policy shall be deemed to be in effect if terminated by reason of death.

(3) Written approval by the New York Stock Exchange for WVC to engage in the sale of life insurance shall not have been obtained within one (1) year from the date of this agreement.

(b) In computing annualized premium, no credit shall be given for premiums generated by, or as the result of, group insurance, pension plans and any other insurance coverage which is being purchased or is purchased by WVC for its account, or that of any of its subsidiaries or affiliates. Annualized premium shall refer to premium generated from the sale of term and ordinary life insurance business that is reported as ordinary business on the convention statements filed with the various states by the Fidelity life insurance companies. In addition, annualized premium shall include premiums generated from ordinary life insurance business as the result of written referrals from WVC which result in the sale of life insurance within 120 days from the date of such written referral.

(c) WVC agrees to give to the Fidelity companies the first opportunity to write all insurance coverages purchased by WVC while this Agreement is in effect. If Fidelity fails to effect such insurance coverage on terms at least as favorable as those available to WVC by other insurance companies, within ten (10) days from the date said insurance is offered to it, then WVC shall have the right to place such insurance elsewhere.

3. This Agreement is subject to written approval by the New York Stock Exchange for WVC to engage in the sale of life insurance. If WVC does not receive such approval within one (1) year from the date of this Agreement, or if such approval is received and thereafter revoked, then WVC agrees within ten (10) days after the end of the first 12-month period, and within ten (10) days after revocation of any approval if previously given, to pay to Fidelity $50,000.00 for each year, or any part of a year, that they have not written insurance, up to a maximum of four (4) years, in reimbursement of expenses incurred and services rendered by Fidelity for assistance to and consultation with WVC to aid it and its personnel in the sale of insurance.

4. Fidelity agrees to purchase for $1,000,000.00 a $1,000,000.00 Subordinated Promissory Note of WVC pursuant to the terms of the Note, a copy of which is attached hereto.

5. For a period of five (5) years following the date of this Agreement, Fidelity shall have the right to purchase, subject to the written approval of the New York Stock Exchange, at any time during such period that number of shares of Class "B" common stock of WVC which is equal to 2% of all of the outstanding Class "A" and Class "B" common stock of WVC as of the date of such purchase. The price to be paid for such stock shall be in an amount equal to 2% of WVC's stockholders' equity, consisting of capital stock, paid-in capital and retained earnings. WVC covenants and agrees at all times to maintain sufficient authorized but unissued Class "B" common stock so as to enable Fidelity to exercise this option. This option will be exercisable by Fidelity's giving written notice to WVC, and said stock purchase shall be consummated within ten (10) business days following the date of such notice. WVC covenants that its presently existing Class "A" and Class "B" common stock are alike in all respects, except that the Class "A" stock has voting rights, and covenants that no changes will be made in any of the terms and conditions of either its Class "A" or Class "B" common stock, nor will any other common, preferred stock, or securities convertible into common or preferred stock be created or issued without Fidelity's written approval, except that in the event of a public offering of WVC stock pursuant to the provisions of the Securities Act of 1933, WVC shall not require Fidelity's approval to grant to the Class "B" common stock voting rights equal with those held by the Class "A" stock or to reclassify its Class A and Class B stock into a single class.

6. If the events specified in the following subparagraphs (a) through (f) exist, namely:

WVC's stockholders' equity, as of May 31, 1971, is 10% or more in excess of its stockholders' equity as of May 31, 1970;

(b) the May 31, 1970 stockholders' equity is not less than $5,197,000.00;

(c) WVC's 1971 net after tax profit, as certified by its auditors is in excess of $1,500,000.00;

(d) WVC has met its annualized premium quota as set forth in paragraph 2(a)(1) above for the Fiscal Year or Years which have ended prior to the date of exercise by WVC of the option referred to below;

(e) the New York Stock Exchange has given permission to WVC to sell life insurance, and such permission continues in effect; and

(f) WVC is not in default in any of the terms and conditions of the Note described in paragraph 4 hereof;

then in such events WVC shall have the option to require Fidelity to purchase a second $1,000,000.00 subordinated note on the same terms and conditions as Fidelity purchased the first $1,000,000.00 note. Said option to require purchase, subject to the conditions above, shall be exercised in writing by WVC at any time between the 12th and 18th month following the execution of the aforementioned general agent's contract, and Fidelity shall consummate the purchase of the note within sixty (60) days after receiving such notice.

7. In the event Fidelity purchases the second $1,000,000.00 note, then it shall have an additional five-year option, to run from the date of its second subordinated note purchase, to purchase an additional 2% of the outstanding stock of WVC on the same terms and conditions as set forth above.

8. This Agreement shall continue in force and effect (i) for a period of four (4) years from the date hereof, or (ii) until the $1,000,000.00 notes described in paragraphs 4 and 6 hereof have been repaid, whichever date [(i) or (ii)] is latest, and thereafter shall continue on a year to year basis unless terminated by either party hereto in writing postmarked to the other party at least sixty (60) days prior to the end of any expiration date.

9. This contract represents the final understanding between the parties, and there are no other representations or agreements except those contained herein.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate names to be hereunto subscribed by their respective Presidents or one of their Vice Presidents, and their respective corporate seals to be hereunto affixed and attested to by their respective Secretaries or one of their Assistant Secretaries, as of the date first above written.

FIDELITY CORPORATION

ATTEST:

Charles D [illegible]
SECY

By [illegible] Exec V.P.

WEIS, VOISIN & CO., INC.

ATTEST:

By [illegible]

SUBORDINATED PROMISSORY NOTE

$1,000,000.00 February 23, 1971

1. For value received, the undersigned, Weis, Voisin & Co., Inc. (the "Company"), a Delaware corporation, having its principal office at 111 Broadway, New York, New York 10006, hereby promises to pay to the order of Fidelity Corporation (the "Lender") at its office at Ninth & Main Streets, Richmond, Virginia, the principal sum of One Million Dollars $1,000,000.00) on February 22, 1975, upon written demand received by the Company at least six months prior to such date and thereafter six months after written demand received by the Company (such payment date hereinafter referred to as the "Maturity Date"), together with interest thereon at the rate of ten percent (10%) per annum, from the date hereof until maturity, payable quarterly on the 22nd day of each calendar quarter, commencing on May 22, 1971.

2. The rights of the holder hereof to, and payment of the principal sum or any part thereof, and the interest due thereon, are and shall be subject and subordinate in right of payment to and subject to the prior payment or provision for payment in full of all claims of present and future creditors of the Company ("General Creditors") arising out of any matter occurring prior to the maturity (whether stated or by acceleration) of this Note, which become due and owing or with respect to which liability has accrued no later than the stated maturity of this Note, or in the event of acceleration of this Note, within six (6) months of such accelerated maturity date, or the stated maturity date, whichever is sooner, and upon which legal action is commenced no later than twelve (12) months from such

stated or accelerated maturity date. This Note shall not be subordinate to any claims of present or future creditors whose obligations are subordinated to claims of General Creditors ("Other Subordinated Creditors") it being intended that this obligation shall at least be pari passu with those to all Other Subordinated Creditors and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Company, the holder hereof shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Company until all claims of General Creditors (but not Other Subordinated Creditors) have been fully satisfied or provision made therefor. In the absence of any such events, the holder of this Note shall be entitled to payment according to its terms. If this Note is repaid in whole or in part on or prior to the Maturity Date and if at the time of any such payment, or within four months thereafter, the Company shall have been declared insolvent by a court of competent jurisdiction, the Lender agrees irrevocably for itself, its successors and assigns (whether or not such Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay to the Company the sum so paid, for the benefit of all other creditors of the Company who have not been subordinated hereto; provided, however, that any suit for the recovery of any such payment must be commenced within one year of the date of such payment.

3. With the prior written approval of the New York Stock Exchange, the Company shall have the right at any time or from time to time, upon thirty (30) days' written notice from

the Company to the Lender, to prepay this Note in whole or in part without premium or penalty but with accrued interest to the date of such prepayment on the amount prepaid. Each partial prepayment shall be in the aggregate principal amount of One Hundred Thousand Dollars ($100,000.00) or an integral multiple thereof.

4. The Company represents and warrants as follows:

(a) The Company is a duly organized corporation existing and in good standing under the laws of the State of Delaware, is duly qualified to do business wherever necessary to carry on its present operations, and has and will preserve and keep in force and effect all licenses, permits and stock exchange memberships necessary for the proper conduct of its business as now carried on.

(b) The making and performance of this Note are within the Company's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary governmental or regulatory approval, and do not contravene any law or contractual or other restriction binding on the Company.

(c) This Note is a legal and binding obligation of the Company enforceable in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy and similar proceedings.

(d) Until this Note has been fully satisfied, the Company will not permit its Stockholders' Equity (consisting of capital stock, paid-in capital and retained earnings) to be less than $4,000,000.00, said computation of Stockholders' Equity to be made on the same basis as shown in the Company's Report on Examination of Financial Statements as of May 31, 1970, made by Touche Ross & Co. (the "Financial Statements"), a copy of which report has been submitted to the Lender.

(e) There are no pending or threatened actions or proceedings before any court, administrative agency or regulatory body, or any stock exchange in which the Company holds membership which may materially adversely affect the Company's financial condition or operations. The Company is not, to the best of its knowledge and belief, in default (including the payment of taxes) in respect of any order, writ, injunction or decree of any court or governmental department, commission, board, bureau or supervisory body of the Federal Government, or in violation of any rules and regulations of any stock exchange.

(f) The balance sheet of the Company as of May 31, 1970 and the related earnings statements for the year then ended as contained in the Financial Statements correctly set forth the Company's financial condition as of such date and the results of its operations for such year, and since such date there has been no material adverse change in such condition or operations.

5. So long as this Note shall be outstanding, the Company will:

(a) Furnish to the Lender within sixty (60) days after the close of each calendar quarter, a balance sheet of the Company as of the end of such quarter and comparative earnings and surplus statements of the Company for the period of that quarter, certified by an authorized officer of the Company, and within ninety (90) days after the close of the Company's fiscal year, a copy of the annual audit report of the Company certified by independent public accountants of recognized standing acceptable to the Lender, together with financial statements consisting of a balance sheet as of the end of such fiscal year and an earnings and surplus statement of the Company for such fiscal year, and such other information respecting the financial condition and operations of the Company as the Lender may from time to time reasonably request.

(b) Furnish to the Lender promptly after the filing thereof with the New York Stock Exchange, a copy of each monthly questionnaire so filed by the Company.

(c) Duly pay and discharge all taxes, assessments and governmental charges upon it or against its properties prior to the date on which penalties are attached thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings by the Company.

(d) Maintain, with financially sound and reputable insurance and bonding companies or associations insurance and bonds of the kinds, covering the risks and in the relative proportionate amounts usually carried by companies engaged in businesses similar to that of the Company.

(e) Notify the Lender promptly at least ninety (90) days prior to any date upon which, as a result of termination of subordination agreements, Subordinated Liabilities and Stockholders' Equity (computed on the same basis as set forth in the Financial Statements) would be reduced to less than $12,000,000.00 in the aggregate. Nothing herein shall be deemed to modify the provisions of paragraph 4(d) hereof, and in computing the amount of Subordinated Liabilities there shall be eliminated therefrom the $1,000,000.00 evidenced by this Note as well as any other subordinated loans made by, or caused to be made by, the Lender to the Company.

6. So long as this Note shall be outstanding, without e prior written consent of the Lender, the Company will not and will not cause or permit any of its present or future subsidiaries to:

(a) Create, incur, assume or suffer to exist any mortgage, pledge, lien, security interest or other charge or encumbrance upon or with respect to any of its property or assets, or assign or otherwise convey any right to receive income except (i) liens in connection with workmen's compensation, unemployment insurance or other social security obligations, (ii) liens securing the performance of bids, tenders, contracts (other than for the repayment of borrowed money), leases, statutory obligations, surety and appeal bonds, and other liens of like nature made in the ordinary course of business, and (iii) liens for taxes not delinquent or being contested in good faith.

(b) Create, incur, assume or suffer to exist any indebtedness of the Company for borrowed money which is subordinated to claims of General Creditors unless such indebtedness is subordinated to, or at least in pari passu with, the obligation evidenced by this Note.

(c) Declare or pay any dividends, purchase, redeem or otherwise acquire for value any of its stock now or hereafter outstanding, return any capital to the stockholders, or make any distribution of its assets to its stockholders as such, except that the Company may:

(i) declare and deliver stock dividends;

(ii) redeem stock with the proceeds received from the issue of new shares;

(iii) declare and pay cash dividends to the Company's stockholders not in excess of an aggregate amount of $225,000 in any twelve month period;

(iv) purchase or redeem shares of its stock now or hereafter outstanding unless, after giving effect to such purchase or redemption, the Company's aggregate Subordinated Liabilities and Stockholders' Equity shall not be less than $12,000,000.00 and its Stockholders' Equity shall not be less than $4,000,000.00.

(d) Enter into any merger or consolidation wherein the Company is not the surviving company, or sell, lease or otherwise transfer all or a substantial portion of its assets other than in the ordinary course of business.

(e) Enter into, or permit to remain in effect, any agreements to rent or lease any real or personal property not entered into in the ordinary course of business.

7. If any of the following events (herein called "Events of Default") shall occur and shall continue unremedied for fifteen (15) days (or, in the case of the default referred to in subparagraph 7(f), for ninety (90) days after written notice shall have been given to the Company and the New York Stock Exchange by the holder hereof, except that no notice need

be given by the holder hereof as to a default with respect to which it has failed to receive written notice thereof from the Company as provided in subparagraph 7(c) hereof:

(a) The Company shall default in any payment of principal of or interest on this Note; or

(b) Any representations or warranties set forth in this Note or in any certificate as to the validity and legality of this loan and the correctness of any matters set forth in this Note and the agreement referred to in subparagraph (f) below, shall prove to be at any time incorrect in any material respect; or

(c) Except as provided in subparagraph (d) below, the Company shall default in the performance of any other term, covenant or agreement contained in this Note, and fails to give written notice thereof to the holder of this Note within twenty (20) days of the occurrence of such default; or

(d) The Company shall fail to give notice to the Lender as provided in paragraph 5(e) hereof or, having given such notice, shall not, within sixty (60) days from the date of such notice, have replaced the terminating Subordinated Liabilities with continuing or new Subordinated Liabilities or Stockholders' Equity (subject to the provisions of paragraph 5(e) in an amount sufficient to provide aggregate Subordinated Liabilities and Stockholders' Equity of at least $12,000,000.00; or

(e) Any obligation of the Company for the payment of borrowed money or the deferred purchase price for property is not paid when due, whether by acceleration or otherwise, or is declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) The Company is in default in the performance of any of the terms and conditions on its part to be performed under that certain Agreement of even date herewith between the Company and Fidelity Corporation, a Virginia corporation, with respect to the sale of life insurance and other matters; or

(g) The Company, or any of its present or hereafter acquired subsidiaries, shall fail in business, dissolve, or otherwise terminate its existence, become insolvent or bankrupt or cease paying its debts as they mature or make an assignment for the benefit of creditors, or a trustee or receiver, conservator or liquidator shall be appointed for the Company, or any such subsidiary, for a substantial part of its or any such subsidiary's property or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Company, or any such subsidiary, under the laws of any jurisdiction, or there shall be a seizure, vesting or intervention by or under authority of a government, or governmental body, agency or duly constituted court, by which the management of the Company is displaced or its authority in the conduct of its business is materially curtailed so as to prevent the Company from carrying on its business in the same, usual and ordinary manner as it had previously operated, and generally on terms at least as favorable as those under which it operated prior to such curtailment, or the Company shall cease to be a member corporation of or suspended for more than sixty (60) days from either the American or New York Stock Exchange, whether voluntarily or involuntarily; provided, however, that the acts set forth in this subparagraph (g) shall not constitute events of default if (i) they occur with respect to a subsidiary with net assets of less than $100,000.00, and (ii) all subsidiaries so affected in any one year have net assets of less than $250,000.00 in the aggregate (except nothing in this subparagraph (ii) shall be deemed to modify the provisions of paragraphs 4(d), 5(e) or 6(c)(iv) or any other paragraphs hereof);

then this Note, with accrued interest, shall, upon declaration to such effect delivered by the holder of this Note to the Company, become and be immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived by the Company, but payment of the same shall remain subordinate as hereinabove set forth.

8. If any legal action is commenced by a General Creditor against the Company within twelve (12) months after the stated or accelerated maturity of this Note and the Company shall fail to contest the same in good faith, the holder shall have the right to defend such action in either the Company's name or its name by counsel of its own choosing at the Company's expense. The Company agrees to furnish to the holder of this Note, within 5 days after receipt thereof, copies of the pleadings in any such action.

9. No failure or delay on the part of the Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Note nor consent to any departure by the Company therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or

demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

10. Whenever any payment to be made under this Note shall be stated to be due on a Saturday, Sunday or a public holiday under the laws of the State of Virginia, such payment may be made on the next succeeding business day and such extension of time shall in such case be included in computing interest, if any, in connection with such payment.

11. None of the terms hereof may be modified or amended without the written consent of the Lender and the Company.

12. This Note shall be deemed to be a contract under the laws of the State of Virginia and for all purposes shall be construed in accordance with the laws of said State.

13. The Company agrees that it will pay all expenses incurred in collecting this obligation, including reasonable attorney fees, should this obligation or any part hereof not be paid when due.

14. This Note may be transferred by the payee or holder only to a person approved by the New York Stock Exchange as provided in Rule 325.20 of the Rules of such Exchange.

WEIS, VOISIN & CO., INC.

By

ATTEST:

CLAIM, WITH RIDER, TOGETHER WITH COPY OF CASH SUBORDINATION AGREEMENT, SUBMITTED BY JAMES CRYSTAL AS TRUSTEE OF THE WEIS, VOISIN & CO., INC. EMPLOYEES' PROFIT SHARING PLAN

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,
Applicant,

v.

WEIS SECURITIES, INC.,
Defendant.

73 Civ. 2332

PROOF OF CLAIM BY TRUST

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

JAMES W. CRYSTAL, of No. 61 Broadway, New York City, in the County of New York, State of New York, says:

1. That he is the Trustee of the Weis, Voisin & Co., Inc. Employees' Profit-Sharing Plan, a trust organized and existing under the laws of the State of New York and having its principal office at No. 61 Broadway, in New York City, County of New York, State of New York, and is duly authorized to make this proof of claim on its behalf.

2. That Weis Securities, Inc., the above-named defendant, was at and before May 24, 1973 and still is, justly and truly indebted [or liable] to this trust in the sum of see rider dollars.

3. That the consideration of this debt [or liability] is as follows:
see rider
This claim is filed as a priority claim.

4. That no part of the debt [or liability] has been paid.

5. That there are no set-offs or counterclaims to the debt [or liability].

6. That the corporation does not hold, and has not, nor has any person by its order, or to the knowledge or belief of the undersigned, for its use, had or received, any security or securities for the debt [or liability].

7. [illegible] debt or liability is founded upon an instrument of writing] That the instrument upon wh[illegible] [or liability] is founded is attached hereto [ ].

Dated at New York, N.Y., this 10th day of December, 1973.

, Trustee of the Trust

There are penalties for presenting fraudulent claims.

(73 Civ. 2332)
Rider to Proof of Claim
by the
Weis, Voisin & Co., Inc. Employees'
Profit-Sharing Plan

1. This claim is filed as a priority claim

2. On the basis of the latest and best information available to the Trust at this time, Weis Securities, Inc. is justly and truly indebted or liable to the Trust as follows:

a. Weis Securities, Inc. is indebted to the Trust in the sum of $95,000 in principal amount plus accrued interest at the rate of 9% per annum. The debt is evidenced by the instrument attached hereto as Exhibit A. The consideration for this debt is that the Trust loaned $95,000 in cash to the predecessor of Weis Securities, Inc. Exhibit A became due upon the liquidation of Weis Securities, Inc., and the amount thereof constituted deferred compensation which was part of the wages and commissions due to the 334 employees who were beneficiaries of the Trust on May 30, 1973. In addition, the loan was obtained and continued in reliance upon false and fraudulent representations of the financial condition of Weis Securities, Inc. and its predecessors and, accordingly, the subordination provisions contained in Exhibit A should be rescinded.

b. Weis Securities, Inc. is also indebted or liable to the Trust in an unliquidated sum which is capable of liquidation or reasonable estimation without unduly delaying the administration of the estate or the proceedings under the provisions of the Bankruptcy Act. The debt is evidenced by and founded upon the Trust documents attached hereto as Exhibit B, and the consideration for this debt is as follows. Weis Securities, Inc. or its predecessors executed Exhibit B which requires that the Trust be terminated because Weis Securities, Inc. is being liquidated pursuant to Court order and obligates Weis Securities, Inc. to pay the reasonable expenses (including, without limitation, Trustee's fees, legal fees and other disbursements) of terminating the Trust. Such expenses are actual, necessary and proper costs and expenses incurred by the Trustee for the Liquidation of the Business of Weis Securities, Inc. in connection with the administration of the estate in the proceedings under the provisions of the Bankruptcy Act.

c. Weis Securities, Inc. is also indebted to the Trust in another unliquidated sum capable of liquidation. The consideration for this debt is set forth in the customer claim which the Trust filed under the Securities Investor Protection Act of 1970. Weis Securities, Inc. is indebted to the Trust for any unpaid balance of such claim.

3. The Trust also hereby claims such greater amounts as appear from any other information which may become available.

LOAN APPROVAL NO. .... **NYSE MF CSA—FORM—1**

CASH SUBORDINATION AGREEMENT

AGREEMENT dated as of NOVEMBER 30, 1972 between WEIS, VOISIN & CO.-EMPLOYEES PROFIT SHARING PLAN (the "Lender") and WEIS, VOISIN & CO., INC. (the "Organization").

Subject to the terms and conditions hereinafter set forth, the Organization promises to pay to the Lender or assigns, on NOVEMBER 30, 1977 (the "Fixed Payment Date")
(the last day of a month at least 1 year and not more than 10 years from the date hereof)
at the principal office of the Organization, $ 95,000.00 and interest payable quarterly at the rate of 9 % per annum from the date hereof. By written notice, delivered to the Organization at its principal office and to the New York Stock Exchange Inc. (the "Exchange") no sooner than 6 months from the date hereof, the Lender may accelerate such payment date to the last business day of a calendar month not less than 6 months after the receipt of such notice by both the Organization and the Exchange. The Organization's obligation to pay the principal amount hereof shall be suspended for any period of time during which after giving effect to such payment (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at the time payment is to be made or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital, as defined in the rules of the Exchange, is less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital") and during any such suspension the Organization shall, as promptly as consistent with the protection of its customers, reduce its business to a condition whereby the principal amount hereof with accrued interest thereon could be paid (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) without the Organization's net capital being below the Applicable Minimum Capital, at which time the Organization shall repay the principal amount hereof plus accrued interest on not less than 5 days prior written notice to the Exchange. The first day at which under this paragraph the Organization has an obligation to pay the principal amount hereof, is hereinafter referred to as the maturity date. If pursuant to the terms hereof the Organization's obligation to pay the principal amount hereof is suspended, the Organization and the Lender recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that if its obligation to pay the principal amount hereof is ever suspended for a period of six months, the Organization agrees that it will promptly take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business.

The Lender irrevocably agrees that the obligations of the Organization under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matter occurring prior to the maturity date of this debenture. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 ("SIPA") or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied, or provision has been made therefor.

Payment of all or any part of the principal amount hereof prior to the maturity date may be made by the Organization only upon receipt of the prior written approval of the Exchange. If payment is made of all or any part of the principal hereof on or prior to the maturity date and if immediately after any such payment the Organization's net capital is less than the Applicable Minimum Capital, the Lender agrees irrevocably (whether or not such Lender had any knowledge or notice of such fact at the time of any such payment) to repay to the Organization, its successors or assigns, the sum so paid, to be held by the Organization pursuant to the provisions hereof as if such payment had never been made; provided, however, that any suit for the recovery of any such payment must be commenced within two years of the date of such payment.

The unpaid principal amount hereof shall forthwith mature, together with fixed interest accrued thereon, in the event of any receivership, insolvency, liquidation pursuant to SIPA or otherwise, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest shall not accelerate the maturity hereof and the obligation to make payments hereunder shall remain subordinate as hereinabove set forth.

The Lender irrevocably agrees that the loan evidenced hereby is not being made in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

This agreement may not be transferred, sold, assigned, pledged or otherwise encumbered or otherwise disposed of, and no lien, charge or other encumbrance may be created or permitted to be created thereon without the prior written consent of the Exchange.

The term "Organization" as used in this agreement, shall include the Organization and its successors and assigns.

The provisions of this agreement shall be binding upon the Lender, his heirs, executors, administrators, successors and assigns.

Any controversy arising out of or relating to this agreement shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The Organization and the Lender shall be conclusively bound by such arbitration.

This instrument embodies the entire agreement between the Organization and Lender and no other evidence of such agreement has been or will be executed without the prior written consent of the Exchange.

This agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this ....29...... day of ...NOVEMBER..., 19.72

WEIS, VOISIN & CO., INC.
(Name of Organization)

By ................................L.S.
(Authorized Person)

WEIS, VOISIN & CO., INC. ........L.S.
EMPLOYEES(Lender) PROFIT SHARING PLAN

By................................ L. S.
Trustee

By................................L. S.
Trustee

By................................L. S.
Trustee

By................................L. S.
Trustee

A-198

AGREEMENT SUBORDINATING ACCOUNT(S) (CASH)

Weis, Voisin & Co., Inc.
Agreement between Employee's Profit Sharing Plan
(hereinafter called the Lender) and WEIS, VOISIN & CO., INC. (hereinafter called the Organization). The Lender now has, or hereafter may have one or more accounts with the Organization and for an in consideration of the sum of ($ 1.00) this day in hand paid by the Organization to the Lender and for other good and valuable considerations, the receipt of which is hereby acknowledged, the Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to said account or accounts (whether for money, securities, other property, or interests therein), which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Organization to the claims of all other present and future creditors of the Organization arising out of any matters occurring prior to the Maturity Date which shall be any date after November 30, 1971 provided the Lender has made written demand to the Organization for the termination of the subordination at least six (6) months prior to said Maturity Date, (~~hereinafter called Maturity~~ Date), and the Lender, for himself, his heirs, executors, administrators and assigns, hereby agrees that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Organization, the Lender shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any money, securities, other property, or interests therein, in said account or accounts may be used, pledged, sold, disposed of or transferred or otherwise treated by the Organization as its own property and such money, securities, other property, or interests therein, in said account or accounts or the proceeds of sale thereof may be applied by the Organization to the claims of all other creditors of the Organization as fully to all intents and purposes as though the same were property of the organization. If any of the securities, other property or interests therein in said account or accounts are sold, transferred or disposed of by anyone to whom such securities, other property or interests therein have been pledged, the Lender shall have a contract claim against the Organization for the return of like securities, other property, or interests therein, to the same extent he would have had he loaned the securities, other property, or interests therein, to the Organization at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided.

The Lender further agrees that until the Maturity Date, he will not withdraw any money, securities, other property, or interests therein, from said account or accounts without the prior written consent of an officer of the Organization who is a holder of voting stock in the organization or a general partner of the Organization, and that such consent cannot be given without prior approval of the New York Stock Exchange, and if any such withdrawal (whether with or without such consent) is made on or prior to the Maturity Date and if at the time of any such withdrawal, the Organization was insolvent, the Lender agrees for himself, his heirs, executors, administrators, or assigns (whether or not the Lender, his heirs, executors, administrators, or assigns had any knowledge or notice of such insolvency at the time of any such withdrawal) to repay and return to the Organization, its successors and assigns, all money, securities or other property, or interests therein, so withdrawn, for the benefit of all other creditors of the Organization; provided however, that any suit for the recovery of such withdrawal must be commenced within one year of the date of such withdrawal.

This instrument embodies the entire agreement of subordination between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

The Organization agrees to credit to said account or accounts. (annually, semi-annually or quarterly) commencing Jan, April, July & Oct, interest at the rate of 6 % per annum. Default by the Organization in crediting interest as aforesaid shall not affect the provisions of this agreement subordinating the Lender's claims with respect to said account or accounts.

The subordination of Lender's claims to said account or accounts is not being made in reliance upon the standing of the Organization as a Member Organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Organization or its capital position. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances, including an examination of the latest certified audit by Touche Ross & Co. dated May 29, 1970 and a recent computation of net capital prepared by the organization dated August 1970. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees for himself, his successors and assigns that neither the Exchange, its Special Trust Fund nor any governor, officer, trustee, or employee of said Exchange or Fund shall be liable to the Lender with respect to the subordination of Lender's claims to said account or accounts or the repayment to Lender of any money, securities or other property or interest therein in any said account or accounts.

The term the "Organization" as used herein shall mean not only the Organization as now constituted but also any successor or assign of the organization.

This agreement shall be binding upon the Customer, his heirs, executors, administrators, successors and assigns.

This agreement is made for the benefit of creditors of the Organization and shall be effective from the date approved by the New York Stock Exchange.

The Lender hereby affirms the fact that all the property subject to this agreement is free and clear of any lien, charge or encumbrance at the present time, except such as the Organization may possess or have enacted and it is agreed that should any such property become subject to any lien, charge or encumbrance, except such as the Organization may possess or create, prior to the return of such property, the Lender will promptly notify the Organization of the facts. It is understood that upon receipt of any such notice the New York Stock Exchange will be so informed.

Upon executing this Agreement, the Lender certifies that none of the securities subordinated will be "control" stock under the Securities Act of 1933, as amended, nor are they or will they be restricted as to sale in any other manner.

A-200

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 9 day of [illegible], 19__.

WEIS, VOISIN & CO., INC. L.S.
(Organization)

By ______________________
(A duly authorized officer of
general partner)

WEIS, VOISIN & CO., INC. EMPLOYEES'
PROFIT SHARING PLAN L.S.
(Lender)

____
LOUIS C. PULVERMACHER

____
JUDD S TROTTER

____
JAMES CRYSTAL

State of [illegible])
) SS.:
County of [illegible])

On this 9 day of [illegible], 1970, before me personally came Louis C. Pulvermacher, Judd S Trotter and James Crystal to me known to me to be the individuals described in and who executed the foregoing instrument and they duly acknowleged to me that they executed the same.

____

CLAIM, WITH COPIES OF PROMISSORY NOTES, SUBMITTED BY SECURITY NATIONAL BANK

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

SECURITIES INVESTOR PROTECTION CORPORATION, :

Applicant, : 73 Civ. 2332

- against - :

WEIS SECURITIES, INC., : PROOF OF CLAIM BY CORPORATION

Defendant. :

- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

WILLIAM W. LOWE, of 1212 Avenue of the Americas, in the City of New York, County of New York, State of New York, says:

1. That he is the Executive Vice President and Lending Officer of Security National Bank ("SNB"), a corporation organized and existing under the laws of the United States and carrying on business at 1212 Avenue of the Americas, in the City of New York, County of New York, State of New York, and is duly authorized to make this proof of claim on its behalf.

2. That Weis Securities, Inc., the above-named defendant ("Debtor"), was at and before May 24, 1973 and still is, justly and truly liable to SNB in the sum of $2,000,000 plus interest.

3. That the consideration for this liability is as follows:

(a) On or about November 26, 1971, SNB made a loan in the amount of $1,000,000 to the Debtor (formerly known as Weis Voisin & Co., Inc.) which amount was to be repaid in accordance with the terms of a promissory note dated November 26, 1971, a copy of which is attached hereto;

(b) On or about June 8, 1972, SNB lent an additional $1,000,000 to the Debtor which amount was to be repaid in accordance with the terms of a promissory note dated June 8, 1972, a copy of which is attached hereto;

(c) SNB was induced to make the loans described in subparagraphs (a) and (b), supra, and was further induced not to demand repayment thereof, and would not have made such loans but for the fact that the Debtor and its directors, officers, agents and employees employed devices, schemes and artifices to defraud, made false and misleading statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading concerning the financial condition and business of the Debtor and engaged in acts, practices and a course of business that operated as a fraud and deceit upon SNB in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. §77q, Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. §78j(b), and Rule 10b-5, 17 C.F.R. 240.10b-5 and in violation of common law principles pertaining to fraud and deceit;

(d) SNB made the loans described in subparagraphs (a) and (b), supra, in consideration of the issuance by the Debtor to SNB of the securities described in subparagraphs (a) and (b), supra, the issuance of which securities constituted the offer and sale of a security in violation of Sections 5 and 12(1) of the Securities Act of 1933, 15 U.S.C. §§77e, 77l, and SNB hereby tenders the return of the securities described in subparagraphs (a) and (b), supra, and seeks recovery of the consideration paid for such securities; namely, the $2,000,000 advanced to the Debtor in consideration of the issuance of such securities;

(e) The Debtor offered and sold to SNB the securities described in subparagraphs (a) and (b), supra, by means of oral and written communications which included untrue statements of material facts and which omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of Section 12(2) of the Securities Act of 1933, 15 U.S. §77l, and SNB hereby tenders the return of the securities so issued by the Debtor and seeks recovery of the consideration paid for such securities; and

(f) Debtor and its directors, officers, agents and employees, in connection with the acts herein complained of, made use of the mails and the means and instrumentalities of interstate commerce as well as the facilities of the New York Stock Exchange.

4. That no part of this liability has been paid.

5. That there are no set-offs or counterclaims to the liability.

6. That SNB does not hold, and has not, nor has any person by its order, or the knowledge or belief of the undersigned, for its use, had or received, any security or securities for the liability.

7. That the liability is not founded upon a written instrument.

8. That the liability was due on May 24, 1973; that no note or other negotiable instrument has been received for such account or any part thereof; and that no judgment has been rendered thereon.

Dated: New York, New York
December 13, 1973

SECURITY NATIONAL BANK

By WLowe
William W. Lowe
Executive Vice President

[illegible]
UNSE[illegible]

[illegible]

U[illegible]

PROMISSORY NOTE

$1,000,000 November 26, 1971

1. For value received, the undersigned, WEIS VOISIN & CO., INC., a Delaware corporation, having its principal office at 17 Battery Place North, New York, New York 10004, (the "Company") hereby promises to pay to the order of Security National Bank (the "Lender"), at its office at 350 Main Street, Huntington, New York, the principal sum of One Million Dollars ($1,000,000) (a) on November 30, 1972, upon written demand received by the Company at least six months prior to such date, or upon such date thereafter as may be specified by the Lender upon written demand received by the Company at least six months prior to the payment date so specified (such payment date being hereinafter referred to as the "Maturity Date"), or (b) upon acceleration of the maturity of this Note as provided in Paragraph 4 hereof (such accelerated payment date being hereinafter referred to as the "Accelerated Maturity Date"), together with interest thereon after November 30, 1972, at a rate per annum (on the basis of a 360 day year for the actual number of days involved) which shall be 3% in excess of the prime commercial loan rate of the Lender then in force for short-term borrowings, but in no event less than 9% per annum, until paid, payable monthly on the 1st day of each month, commencing January 1, 1973.

2. The rights of the holder hereof to, and payment of the principal sum or any part thereof, and the interest due there-

91,500.—
1000.

on, are and shall be subject and subordinate in right of payment to and subject to the prior payment or provision for payment in full of all claims of present and future creditors of the Company ("General Creditors") arising out of any matter occurring (a) prior to the Maturity Date, or (b) within six months after the Accelerated Maturity Date, whichever is sooner, and upon which legal action is commenced no later than 12 months from such Maturity Date or Accelerated Maturity Date, as the case may be; provided, however, that this Note shall not be subordinate to any claims of present or future creditors whose obligations are subordinated to claims of General Creditors, including, but not limited to, obligations of the Company to Sol Kittay now or hereafter existing ("Other Subordinated Creditors"), it being intended that this obligation shall (x) be senior to obligations of the Company to all Other Subordinated Creditors (including existing and future obligations to Sol Kittay), excepting only existing obligations (but not future obligations) of the Company to Fidelity Corporation and Irving Weis, and (y) at least be pari passu with existing obligations of the Company to Fidelity Corporation and Irving Weis, and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Company, the holder hereof shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Company until all claims of General Creditors (but not

Other Subordinated Creditors) have been fully satisfied or provision made therefor. In the absence of any such events, the holder of this Note shall be entitled to payment according to its terms. If this Note is repaid in whole or in part on or prior to the Maturity Date, and if at the time of any such payment the Company was insolvent, the Lender agrees irrevocably for itself, its successors and assigns (whether or not such Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay to the Company the sum so paid, for the benefit of all General Creditors (but not Other Subordinated Creditors) of the Company; provided, however, that any suit for the recovery of any such payment must be commenced within one year of the date of such payment.

3. (a) With the prior written approval of the New York Stock Exchange ("Exchange"):

(i) The Company shall have the right at any time or from time to time, upon three days' written notice from the Company to the Lender, to prepay this Note in whole or in part without premium or penalty. Each partial prepayment shall be in the aggregate principal amount of $100,000 or a multiple thereof.

(ii) The Company will apply the net cash proceeds of any public sale of any of its securities to the prepayment of this Note, to the extent required, within five days after receipt by the Company of such written approval of the Exchange, or upon such date not later than the Maturity Date as the Exchange may specify in such written approval.

(b) The Company will furnish to the Lender, (i) within 45 days after the close of each the first three fiscal quarters of the Company, a balance sheet of the Company as of the end of such quarter and comparative earnings and surplus statements of the Company for such quarter, certified by an officer of the Company, (ii) within 90 days after the close of its fiscal year, a balance sheet of the Company as of the end of such fiscal year and comparative earnings and surplus statements of the Compan for such fiscal year, certified by independent public accountants of recognized standing satisfactory to the Lender, (iii) promptly after the filing thereof with the Exchange, a copy of each monthly questionnaire, financial or other statement, so filed by the Company, and (iv) such other information, reports or statements as the Lender from time to time may reasonably request.

4. If Company shall fail in business, dissolve, or otherwise terminate its existence, become insolvent or bankrupt or cease paying its debts as they mature or make an assignment for the benefit of creditors, or a trustee or receiver, conservator or liquidator shall be appointed for the Company for a substantial part of its property or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Company under the laws of any jurisdiction, or there shall be a seizure, vesting or intervention by or under

authority of a government, or governmental body, agency or duly constituted court, by which the management of the Company is displaced or its authority in the conduct of its business is materially curtailed so as to prevent the Company from carrying on its business in the same, usual and ordinary manner as it had previously operated, and generally on terms at least as favorable as those under which it operated prior to such curtailment, or the Company shall cease to be a member corporation of or suspended for more than 60 days from either the Exchange or the American Stock Exchange, whether voluntarily or involuntarily, then this Note, with accrued interest, if any, shall, upon declaration to such effect delivered by the holder of this Note to the Company, become and be immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived by the Company, but payment of the same shall remain subordinate as hereinabove set forth.

5. If any legal action is commenced by a General Creditor against the Company within 12 months after the stated or accelerated maturity of this Note and the Company shall fail to contest the same in good faith, the holder shall have the right to defend such action in either the Company's name or its name by counsel of its own choosing at the Company's expense. The Company agrees to furnish to the holder of this Note, within five days after receipt thereof, copies of the pleadings in any such action.

6. No failure or delay on the part of the Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Note nor consent to any departure by the Company therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

7. Whenever any payment to be made under this Note shall be stated to be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be made on the next succeeding business day and such extension of time shall in such case be included in computing interest, if any, in connection with such payment.

8. The Lender by accepting this Note, irrevocably agrees that acquisition of this Note is not being made in reliance upon the standing of the Company as a member corporation of the Exchange or upon the Exchange's surveillance of the Company's compliance with the constitution, rules and practices of the Exchange or its financial position. The Lender has made such investigation of the Company and its officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the

Company and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Company which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

9. None of the terms hereof may be modified or amended without the written consent of the Lender and the Company.

10. This Note shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State.

11. The Company agrees that it will pay all expenses incurred in collecting this obligation, including reasonable attorney fees, should this obligation or any part hereof not be paid when due.

12. This Note may be transferred by the payee or holder only to a person approved by the New York Stock Exchange as provided in Rule 325.20 of the Rules of such Exchange.

WEIS, VOISIN & CO., INC.

By ______________________________
President

Attest:

____
Asst. Secretary

A-212

PROMISSORY NOTE

$1,000,000 June 8 , 1972

1. For value received, the undersigned, WEIS, VOISIN & CO., INC., a Delaware corporation, having its principal office at 17 Battery Place North, New York, New York 10004, (the "Company") hereby promises to pay to the order of Security National Bank (the "Lender"), at its office at 350 Main Street, Huntington, New York, the principal sum of One Million Dollars ($1,000,000) (a) on June 30, 1973, upon written demand received by the Company at least six months prior to such date, or upon such date thereafter as may be specified by the Lender upon written demand received by the Company at least six months prior to the payment date so specified (such payment date being hereinafter referred to as the "Maturity Date"), or (b) upon acceleration of the maturity of this Note as provided in Paragraph 4 hereof (such accelerated payment date being hereinafter referred to as the "Accelerated Maturity Date"), together with interest thereon after June 30, 1973, at a rate per annum (on the basis of a 360 day year for the actual number of days involved) which shall be 3% in excess of the prime commercial loan rate of the Lender then in force for short-term borrowings, but in no event less than 9% per annum, until paid, payable monthly on the 1st day of each month, commencing July 1 , 1973.

2. The rights of the holder hereof to, and payment of the principal sum or any part thereof, and the interest due there-

96 000. –
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on, are and shall be subject and subordinate in right of payment to and subject to the prior payment or provision for payment in full of all claims of present and future creditors of the Company ("General Creditors") arising out of any matter occurring prior to the Maturity Date, or the Accelerated Maturity Date, whichever is sooner; provided, however, that this Note shall not be subordinate to any claims of present or future creditors whose obligations are subordinated to claims of General Creditors, including, but not limited to, obligations of the Company to Sol Kittay now or hereafter existing ("Other Subordinated Creditors"), it being intended that this obligation shall (x) be senior to obligations of the Company to all Other Subordinated Creditors (including existing and future obligations to Sol Kittay), excepting only existing obligations (but not future obligations) of the Company to Fidelity Corporation and Irving Weis, and (y) at least be pari passu with existing obligations of the Company to Fidelity Corporation and Irving Weis, and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Company, the holder hereof shall not be entitled to participate or share ratably or otherwise, in the distribution of the assets of the Company until all claims of General Creditors (but not Other Subordinated Creditors) have been fully satisfied or provision made therefor. In the absence of any such events, the holder of this Note shall be entitled to payment according to its terms. If this Note is repaid in whole or in part on or prior to the Maturity Date, and if at the time of any such payment the Company was insolvent, the Lender agrees irrevocably for itself, its successors and assigns (whether or not such Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay to the Company the sum so paid, for the benefit of all General Creditors (but not Other Subordinated Creditors) of the Company; provided, however, that any suit for the recovery of any such payment must be commenced within one year of the date of such payment.

3. (a) With the prior written approval of the New York Stock Exchange ("Exchange"):

(i) The Company shall have the right at any time or from time to time, upon three days' written notice from the Company to the Lender, to prepay this Note in whole or in part without premium or penalty. Each partial prepayment shall be in the aggregate principal amount of $100,000 or a multiple thereof.

(ii) The Company will apply the net cash proceeds of any sale of any of its securities to the prepayment of this Note, to the extent required, within five days after receipt by the Company of such written approval of the Exchange, or upon such date not later than the Maturity Date as the Exchange may specify in such written approval.

(b) The Company will furnish to the Lender, (i) within 45 days after the close of each of the first three fiscal quarters of the Company, a balance sheet of the Company as of the end of such quarter and comparative earnings and surplus statements of the Company for such quarter, certified by an officer of the Company, (ii) within 90 days after the close of its fiscal year, a balance sheet of the Company as of the end of such fiscal year and comparative earnings and surplus statements of the Company for such fiscal year, certified by independent public accountants of recognized standing satisfactory to the Lender, (iii) promptly after the filing thereof with the Exchange, a copy of each monthly questionnaire, financial or other statement, so filed by the Company, and (iv) such other information, reports or statements as the Lender from time to time may reasonably request.

4. (a) In the event of any receivership, insolvency, or liquidation pursuant to the Securities Investor Protection Act or otherwise, bankruptcy, assignment for the benefit of creditors, reorganization, whether or not pursuant to bankruptcy laws, or any other marshalling of the assets of the Company, this Note with accrued interest, if any, shall become and be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company, but payment of the same shall remain subordinate as hereinabove set forth.

(b) Except in connection with an event referred to in Paragraph 4(a) above, if the Company shall fail in business, dissolve or otherwise terminate its existence, or cease paying its debts as they mature, or a trustee or receiver, conservator or liquidator shall be appointed for the Company or for a substantial part of its property, or there shall be a seizure, vesting or intervention by or under authority of a government, or governmental body, agency or duly constituted court, by which the management of the Company is displaced or its authority in the conduct of its business is materially curtailed so as to prevent the Company from carrying on its business in the same, usual and ordinary manner as it had previously operated, and generally on terms at least as favorable as those under which it operated prior to such curtailment, or the Company shall cease to be a member corporation of or shall be suspended for more than 60 days from either the Exchange or the American Stock Exchange, whether voluntarily or involuntarily, then this Note with accrued interest, if any, shall, upon declaration to such effect delivered by the holder of this Note to the Company, become and be due and Payable six months after the date of such declaration, or on the Maturity Date, whichever is sooner, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company, but payment of the same shall remain subordinate as hereinabove set forth.

5. If any legal action is commenced by a General Creditor against the Company within 12 months after the stated or accelerated maturity of this Note and the Company shall fail to contest the same in good faith, the holder shall have the right to defend such action in either the Company's name or its name by counsel of its own choosing at the Company's expense. The Company agrees to furnish to the holder of this Note, within five days after receipt thereof, copies of the pleadings in any such action.

6. No failure or delay on the part of the Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Note nor consent to any departure by the Company therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

7. Whenever any payment to be made under this Note shall be stated to be due on a Saturday, Sunday or a public holiday under

the laws of the State of New York, such payment may be made on the next succeeding business day and such extension of all time shall in such case be included in computing interest, if any, in connection with such payment.

8. The Lender by accepting this Note, irrevocably agrees that acquisition of this Note is not being made in reliance upon the standing of the Company as a member corporation of the Exchange or upon the Exchange's surveillance of the Company's compliance with the constitution, rules and practices of the Exchange or its financial position. The Lender has made such investigation of the Company and its officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Company and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Company which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

9. None of the terms hereof may be modified or amended without the written consent of the Lender and the Company.

10. This Note shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State.

11. The Company agrees that it will pay all expenses incurred in collecting this obligation, including reasonable attorney fees, should this obligation or any part hereof not be paid when due.

12. This Note may be transferred by the payee or holder only to a person approved by the New York Stock Exchange as provided in Rule 325.20 of the Rules of such Exchange.

13. The Bank agrees that it has not taken and will not take or assert as security for the payment of the loan any security interest and/or lien upon, whether created by contract, statute or otherwise, any property of the member organization or any property in which the member organization may have an interest, which is or at any time may be in the possession or subject to the control of the bank. The bank hereby waives and further agrees that it will not seek to obtain payment of the note in whole or in part by exercising any right of set off it may assert or possess created by contract, statute or otherwise. Any agreement between the Company and the Bank (whether in nature of a general loan and collateral agreement, a security or pledge agreement or otherwise) shall be deemed amended

hereby to the extent necessary as not to be inconsistent with the provisions of this paragraph.

WEIS, VOISIN & CO., INC.

By____________________
Chairman

Attest:

Leo F McTernan
Assistant Secretary

SWORN TO BEFORE ME
THIS 6 DAY OF JUNE 1972
Geraldine Girshek

GERALDINE GIRSHEK
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-1443123
Qualified in Kings County
Term expires March 30, 19 73

Agreed To and Accepted:

SECURITY NATIONAL BANK

By W Lowe
E.V.P.

CLAIM, WITH COPY OF CASH SUBORDINATION AGREEMENT AND POWER OF ATTORNEY, SUBMITTED BY ROBERT E. SLATER

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

SECURITIES INVESTOR PROTECTION CORPORATION,

Applicant,

v.

WEIS SECURITIES, INC.,

Defendant.

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73 Civ. 2332

PROOF OF CLAIM BY ROBERT E. SLATER

STATE OF PENNSYLVANIA) SS:
COUNTY OF)

Robert E. Slater of Beyer Road, Chester Springs, in the County of DELAWARE, State of Pennsylvania, says:

1. That he is the Claimant herein.

2. That WEIS SECURITIES, INC., the abovenamed Defendant, was at and before May 24, 1973, justly and truly indebted to this Claimant in the sum of $500,000.00, together with interest at the rate of ten percent (10%) per annum thereon from May 7, 1973.

3. That the consideration of the debt in Paragraph 2 is as follows: On or about May 7, 1973, the Claimant loaned the sum of $500,000.00 to the Defendant. That the said funds constituting the consideration in the sum of $500,000.00 was subject to a condition precedent to the right of the Defendant to acquire said funds, which funds were duly demanded by the Claimant.

4. That no part of the debt has been paid.

5. That there are no setoffs or counterclaims to the said debt.

6. That the Claimant does not hold, and has not, nor

has any person by its order, or to the knowledge or belief of the undersigned, for its use, had or received, any security or securities for the debt.

7. and 8. That at the time the $500,000 was advanced on or about May 7, 1973, as hereinabove set forth, the same was evidenced by an instrument dated that date, a photocopy of which is attached hereto and the original of which will be produced for examination upon request in this proceeding. However, based upon the fraud of the abovenamed Defendant and its responsible officers, the Claimant has exercised its rights under common law and under the Securities Act of 1933 and the Securities Exchange Act of 1934, to claim rescission of the said transaction, and hereby tenders the "Security", consisting of the said instrument dated May 7, 1973, to the Trustee appointed herein as provided in said Acts. That in connection with the improperly turned-over $500,000.00, the liability resulting therefrom was immediately due and payable to the Claimant, and was not evidenced by any written instrument.

9. That no judgment has been rendered upon the debt due to this Claimant.

10. In making and filing this Proof of Claim, in addition to the rights reserved above, the Claimant does not waive any rights it may have against any person, firm or corporation arising at common law, under the Securities Act of 1933, or under the Securities Exchange Act of 1934, arising out of negligence, fraud or any expressed or implied warranties or representations or omissions, contractual or imposed by law, and whether or not contained in any of the instruments or

documents issued or signed by the said Defendant as part of any of the aforesaid transactions, or issued or signed by any such other person, firm or corporation, or to which any of the aforesaid are parties or responsible for, all of which rights are expressly reserved. The Claimant also reserves the right to amend this Proof of Claim.

Dated at Valley Forge, Pa., this day of December, 1973.

Robert E. Slater

POWER OF ATTORNEY

TO: ALAN C. WINICK, ESQ., OR I. ALAN HARRIS, ESQ.:

The undersigned, ROBERT E. SLATER, does hereby authorize you or either one of you, with full power of substitution to either one of you, to attend all meetings of creditors of the Defendant WEIS SECURITIES, INC., and all adjournments thereof at the places and time appointed by the Court, and for the undersigned and in the name of the undersigned to vote for or against any proposal or resolution that may be then submitted under the Act of Congress relating to bankruptcy or the Act of Congress known as the "Securities Investor Protection Act of 1970", to vote for a trustee or trustees of the estate of the said Defendant and for a committee of creditors, including either or both of you as members of or counsel to said committee, and to receive payment of dividends and payment or delivery of money, securities, or other consideration due the undersigned, and for any other purpose in the undersigned's interest whatsoever; and with like powers to attend and vote in any other meeting or meetings of creditors or sitting or sittings of the Court which may be held therein for any of the purposes aforesaid.

IN WITNESS WHEREOF, the undersigned has set his hand and seal this 19th day of December, 1973.

Robert E. Slater

STATE OF PENNSYLVANIA) SS:
COUNTY OF DELAWARE)

On this 19th day of December, 1973, before me personally came Robert E. Slater, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

Claire B. Maiden
Notary Public

CLAIRE B. MAIDEN
Notary Public, Radnor Twp., Delaware Co.
My Commission Expires January 7, 1974

LOAN APPROVAL NO. ....

NYSE MF CSA—FORM—1

CASH SUBORDINATION AGREEMENT

AGREEMENT dated as of ....
between ...ROBERT E SLATER.......................... (the "Lender")
and ....WEIS SECURITIES INC.............. (the "Organization").

Subject to the terms and conditions hereinafter set forth, the Organization promises to pay to the Lender or assigns, on..One Year.......... (the "Fixed Payment Date")
(the last day of a month at least 1 year and not more than 10 years from the date hereof)
at the principal office of the Organization, $ 500,000.00 and interest payable .... at the rate of 10 % per annum from the date hereof. By written notice, delivered to the Organization at its principal office and to the New York Stock Exchange, Inc. (the "Exchange") no sooner than 6 months from the date hereof, the Lender may accelerate such payment date to the last business day of a calendar month not less than 6 months after the receipt of such notice by both the Organization and the Exchange. The Organization's obligation to pay the principal amount hereof shall be suspended for any period of time during which after giving effect to such payment (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at the time payment is to be made or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital, as defined in the rules of the Exchange, is less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital") and during any such suspension the Organization shall, as promptly as consistent with the protection of its customers, reduce its business to a condition whereby the principal amount hereof with accrued interest thereon could be paid (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) without the Organization's net capital being below the Applicable Minimum Capital, at which time the Organization shall repay the principal amount hereof plus accrued interest on not less than 5 days prior written notice to the Exchange. The first day at which under this paragraph the Organization has an obligation to pay the principal amount hereof, is hereinafter referred to as the maturity date. If pursuant to the terms hereof the Organization's obligation to pay the principal amount hereof is suspended, the Organization and the Lender recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that if its obligation to pay the principal amount hereof is ever suspended for a period of six months, the Organization agrees that it will promptly take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business.

The Lender irrevocably agrees that the obligations of the Organization under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matter occurring prior to the maturity date of this debenture. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 ("SIPA") or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied, or provision has been made therefor.

Payment of all or any part of the principal amount hereof prior to the maturity date may be made by the Organization only upon receipt of the prior written approval of the Exchange. If payment is made of all or any part of the principal hereof on or prior to the maturity date and if immediately after any such payment the Organization's net capital is less than the Applicable Minimum Capital, the Lender agrees irrevocably (whether or not such Lender had any knowledge or notice of such fact at the time of any such payment) to repay to the Organization, its successors or assigns, the sum so paid, to be held by the Organization pursuant to the provisions hereof as if such payment had never been made; provided, however, that any suit for the recovery of any such payment must be commenced within two years of the date of such payment.

The unpaid principal amount hereof shall forthwith mature, together with fixed interest accrued thereon, in the event of any receivership, insolvency, liquidation pursuant to SIPA or otherwise, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest shall not accelerate the maturity hereof and the obligation to make payments hereunder shall remain subordinate as hereinabove set forth.

The Lender irrevocably agrees that the loan evidenced hereby is not being made in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

This agreement may not be transferred, sold, assigned, pledged or otherwise encumbered or otherwise disposed of, and no lien, charge or other encumbrance may be created or permitted to be created thereon without the prior written consent of the Exchange.

The term "Organization" as used in this agreement, shall include the Organization and its successors and assigns.

The provisions of this agreement shall be binding upon the Lender, his heirs, executors, administrators, successors and assigns.

Any controversy arising out of or relating to this agreement shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The Organization and the Lender shall be conclusively bound by such arbitration.

This instrument embodies the entire agreement between the Organization and Lender and no other evidence of such agreement has been or will be executed without the prior written consent of the Exchange.

This agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 7th day of May, 1973

WEIS SECURITIES INC.
(Name of Organization)

By .... L.S.
(Authorized Person)

.... L.S.
(Lender)

→ 4336.19
"Subordinated
Lenders –
Claim of
Robert
Slater

LOAN APPROVAL NO. ....

NYSE MF CSA—FORM—1

CASH SUBORDINATION AGREEMENT

AGREEMENT dated as of ....
between ...ROBERT E. SLATER.................................. (the "Lender")
and ....WEIS. SECURITIES. INC................. (the "Organization").

Subject to the terms and conditions hereinafter set forth, the Organization promises to pay to the Lender or assigns, on..One..Year............ (the "Fixed Payment Date") (the last day of a month at least 1 year and not more than 10 years from the date hereof) at the principal office of the Organization, $500,000.00 and interest payable .... at the rate of 10 % per annum from the date hereof. By written notice, delivered to the Organization at its principal office and to the New York Stock Exchange, Inc. (the "Exchange") no sooner than 6 months from the date hereof, the Lender may accelerate such payment date to the last business day of a calendar month not less than 6 months after the receipt of such notice by both the Organization and the Exchange. The Organization's obligation to pay the principal amount hereof shall be suspended for any period of time during which after giving effect to such payment (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) (i) the aggregate indebtedness of the Organization would exceed 1200 per centum of its net capital as those terms are defined in the rules of the Exchange in effect at the time payment is to be made or such lesser per centum as may be made applicable to the Organization from time to time by the Exchange or a governmental agency or body having appropriate authority or (ii) its net capital, as defined in the rules of the Exchange, is less than the minimum dollar amount required by such rules in effect at such time or such greater dollar amount as may be made applicable to the Organization by a governmental agency or body having appropriate authority (the net capital necessary to enable the Organization to comply with such 1200 or lesser per centum and such minimum dollar amount or such greater dollar amount is hereinafter referred to as the "Applicable Minimum Capital") and during any such suspension the Organization shall, as promptly as consistent with the protection of its customers, reduce its business to a condition whereby the principal amount hereof with accrued interest thereon could be paid (together with (a) the payment of any other obligation of the Organization payable at or prior to the payment hereof and (b) the return of any Secured Demand Note and the collateral therefor held by the Organization and returnable at or prior to the payment hereof) without the Organization's net capital being below the Applicable Minimum Capital, at which time the Organization shall repay the principal amount hereof plus accrued interest on not less than 5 days prior written notice to the Exchange. The first day at which under this paragraph the Organization has an obligation to pay the principal amount hereof, is hereinafter referred to as the maturity date. If pursuant to the terms hereof the Organization's obligation to pay the principal amount hereof is suspended, the Organization and the Lender recognize and agree that the Organization may be summarily suspended by the Exchange. The Organization agrees that if its obligation to pay the principal amount hereof is ever suspended for a period of six months, the Organization agrees that it will promptly take whatever steps are necessary to effect a rapid and orderly complete liquidation of its business.

The Lender irrevocably agrees that the obligations of the Organization under this agreement with respect to the payment of principal and interest are and shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Organization, whose claims are not similarly subordinated (claims hereunder shall rank pari passu with claims similarly subordinated) and to claims which are now or hereafter expressly stated in the instruments creating such claims to be senior in right of payment to the claims of the class of this claim, arising out of any matter occurring prior to the maturity date of this debenture. In the event of the appointment of a receiver or trustee of the Organization or in the event of its insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 ("SIPA") or otherwise, its bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization, the holder hereof shall not be entitled to participate or share, ratably or otherwise, in the distribution of the assets of the Organization until all claims of all other present and future creditors of the Organization, whose claims are senior hereto, have been fully satisfied, or provision has been made therefor.

Payment of all or any part of the principal amount hereof prior to the maturity date may be made by the Organization only upon receipt of the prior written approval of the Exchange. If payment is made of all or any part of the principal hereof on or prior to the maturity date and if immediately after any such payment the Organization's net capital is less than the Applicable Minimum Capital, the Lender agrees irrevocably (whether or not such Lender had any knowledge or notice of such fact at the time of any such payment) to repay to the Organization, its successors or assigns, the sum so paid, to be held by the Organization pursuant to the provisions hereof as if such payment had never been made; provided, however, that any suit for the recovery of any such payment must be commenced within two years of the date of such payment.

The unpaid principal amount hereof shall forthwith mature, together with fixed interest accrued thereon, in the event of any receivership, insolvency, liquidation pursuant to SIPA or otherwise, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, or any other marshalling of the assets and liabilities of the Organization; but payment of the same shall remain subordinate as hereinabove set forth.

Default in the payment of interest shall not accelerate the maturity hereof and the obligation to make payments hereunder shall remain subordinate as hereinabove set forth.

The Lender irrevocably agrees that the loan evidenced hereby is not being made in reliance upon the standing of the Organization as a member organization of the Exchange or upon the Exchange's surveillance of the Organization's financial position or its compliance with the constitution, rules and practices of the Exchange. The Lender has made such investigation of the Organization and its partners, officers, directors and stockholders as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Organization and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Organization which it may now, or at any future time, have. The Lender agrees that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of the Exchange or said Trust Fund shall be liable to the Lender with respect to this instrument or the repayment thereof or of any interest thereon.

This agreement may not be transferred, sold, assigned, pledged or otherwise encumbered or otherwise disposed of, and no lien, charge or other encumbrance may be created or permitted to be created thereon without the prior written consent of the Exchange.

The term "Organization" as used in this agreement, shall include the Organization and its successors and assigns.

The provisions of this agreement shall be binding upon the Lender, his heirs, executors, administrators, successors and assigns.

Any controversy arising out of or relating to this agreement shall be submitted to and settled by arbitration pursuant to the Constitution and Rules of the Exchange. The Organization and the Lender shall be conclusively bound by such arbitration.

This instrument embodies the entire agreement between the Organization and Lender and no other evidence of such agreement has been or will be executed without the prior written consent of the Exchange.

This agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this ....7th.... day of ....May........, 1973

WEIS SECURITIES INC.
(Name of Organization)

By ................................L.S.
(Authorized Person)

................................L.S.
(Lender)

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ALL AMERICAN LIFE & CASUALTY COMPANY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

- x

Claim of All American Life & Casualty Company

- x

73 Civ. 2332

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED

FILED
DEC 12 1974
ROY BABITT
ANKRUPTCY JUD

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of All American Life & Casualty Company filed herein, to the extent said claimant has asserted a right to reclamation of its property or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein claimant agreed that in the event of a bankruptcy or a liquidation, it would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which it contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, failure of condition precedent, or lack of consideration, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by it under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $17,424.66. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor

or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

9. The Trustee repeats and realleges each and every allegation contained in paragraphs 1 through 6 hereof as though set forth in full.

10. Claimant has purportedly exercised an alleged right of set-off in the sum of $220,561.65 against funds in an account maintained for the protection of customer by the Debtor at O'Hare International Bank.

11. Claimant expressly waived in the subordination agreement any and all set-off rights which claimant might otherwise assert.

12. Said purported exercise of set-off is in violation of the terms of claimant's subordination agreement.

13. No right exists under any contract, statute or applicable court decision whereby claimant would be entitled to set-off or retake funds not in its possession but rather in the possession of a third party.

14. The Trustee is therefore entitled to immediate possession of said $220,561.65.

WHEREFORE, the Trustee prays that said claim of All American Life & Casualty Company, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, that the Court direct said claimant to turn over to the Trustee the aforesaid $220,561.65

wrongfully set off, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ROBERT E. SLATER

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x
In the Matter of WEIS SECURITIES, INC., Debtor. : 73 Civ. 2332

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED
- x
Claim of Robert E. Slater :
- x

FILED
FEB 2 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Robert E. Slater filed herein, to the extent said claimant has asserted a right to reclamation of his property or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein he agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which he contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, failure of condition precedent or lack of consideration, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

7. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Robert E. Slater, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
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New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF GEORGE D. ALDRICH

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - x

In the Matter : 73 Civ. 2332
of : OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED
WEIS SECURITIES, INC., :
Debtor. :

- - - - - - - - - - - - - - - - - - - x

Claim of George D. Aldrich :

- - - - - - - - - - - - - - - - - - - x

FILED
DEC 12 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of George D. Aldrich filed herein, to the extent said claimant has asserted a right to reclamation of his property, "customer" status under the Securities Investor Protection Act of 1970 (the "Act"), or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein he agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which he contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Act, since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by him under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $30,418.87. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. Although claimant filed a claim to property in his subordinated account on a customer claim form, claimant is not entitled to claim "customer" status under the Act since

Section 6(c)(2)(A)(ii) of the Act specifically excludes from the definition of "customer":

> "* * * any person to the extent that such person has a claim for property which by contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor or is subordinated to the claims of creditors of the debtor * * *"

9. The Trustee denies claimant's contention that his claim is subordinated first to the claims of creditors of Winslow, Cohu & Stetson, Inc., and contends that claimant's claim is subordinated solely to the claims of creditors of the Debtor.

10. Upon information and belief, in his capacity as officer, holder of voting stock of the Debtor, and for other reasons, claimant could, and in the exercise of due diligence should, have known the financial condition of the Debtor.

11. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of George D. Aldrich, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF ARTHUR J. KREIZEL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.	73 Civ. 2332 OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED
Claim of Arthur J. Kreizel	

FILED
DEC 12 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE, SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Arthur J. Kreizel filed herein, to the extent said claimant has asserted a right to reclamation of his property, "customer" status under the Securities Investor Protection Act of 1970 (the "Act"), or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed two subordination agreements with the Debtor wherein he agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreements have been performed and claimant is bound by the terms of the agreements.

2. Claimant has alleged circumstances which he contends make the agreements void or voidable. These allegations concern fraud in the inducement. The Trustee denies all such

allegations of fraud.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Act, since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreements with the Debtor without offering to tender any of the benefits received by him under the contracts. Upon information and belief, the benefits received by claimant are interest payments in an amount of $22,500. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreements or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreements or the subordination provisions thereof by reason of waiver.

8. Although claimant filed a claim to property on a customer claim form, claimant is not entitled to claim "customer" status under the Act since Section 6(c)(2)(A)(ii) of the Act specifically excludes from the definition of "customer":

> "* * * any person to the extent that such person has a claim for property which by

> contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor or is subordinated to the claims of creditors of the debtor * * *"

9. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Arthur J. Kreizel, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
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New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF EVA GROSSMAN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2332

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED

- x

Claim of Eva Grossmann

- x

FILED
DEC 12 1974
ROY BABITT
ANKRUPTCY JU

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Eva Grossmann filed herein, to the extent said claimant has asserted a right to reclamation of her property or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein she agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which she contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by her under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $8,000.00. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. The Trustee denies claimant's allegation that she never received a subordinated debenture covering the full amount of her subordinated loan.

9. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Eva Grossmann, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF FIDELITY CORPORATION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x
In the Matter : 73 Civ. 2332
of : OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED
WEIS SECURITIES, INC., :
Debtor. :
- x
Claim of Fidelity Corporation :
- x

FILED
DEC [illegible] 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Fidelity Corporation filed herein, to the extent said claimant has asserted a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein it agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the subordination agreement irrespective of any alleged subsequent agreement purporting to supercede or modify the terms of the subordination agreement, and notwithstanding any rights allegedly existing between claimant and the Debtor under any other contract.

2. Claimant has alleged circumstances which it contends make the agreement void or voidable. These allegations concern fraud in the inducement. The Trustee denies all such allegations of fraud.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct or lack of consideration, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by it under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $200,000.00. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Fidelity Corporation, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF WEIS, VOISIN & CO., INC. EMPLOYEES' PROFIT SHARING PLAN & TRUST

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2332

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED

- x

Claim of Weis, Voisin & Co., Inc.
Employees' Profit Sharing Plan
& Trust

- x

FILED
DEC 12 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Weis, Voisin & Co., Inc. Employees' Profit Sharing Plan & Trust, filed herein, to the extent said claimant has asserted a right to allowance of its claim as a priority claim under Section 64(a)(2) of the Bankruptcy Act or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein it agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which it contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by it under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $19,200. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Weis, Voisin & Co., Inc. Employees' Profit Sharing Plan & Trust, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF SECURITY NATIONAL BANK

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - x

In the Matter : 73 Civ. 2332

of : OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED

WEIS SECURITIES, INC., :

Debtor. :

- - - - - - - - - - - - - - - - - - - x

Claim of Security National Bank :

- - - - - - - - - - - - - - - - - - - x

FILED
DEC 12 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Security National Bank filed herein, to the extent said claimant has asserted a right to reclamation of its property or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed two subordination agreements with the Debtor wherein it agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreements have been performed and claimant is bound by the terms of the agreements.

2. Claimant has alleged circumstances which it contends make the agreements void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreements could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreements should be enforced in accordance with their terms in a liquidation proceeding under the Securities Investor Protection Act of 1970 (the "Act"), since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreements.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreements with the Debtor without offering to tender any of the benefits received by it under the contracts. Upon information and belief, the benefits received by claimant are interest payments in an amount of approximately $25,000. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreements or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreements or the subordination provisions thereof by reason of waiver.

8. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Security National Bank, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid to the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
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New York, New York 10005
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OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED, RE CLAIM OF JEAN M. WINSLOW

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.	73 Civ. 2332 OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED
Claim of Jean M. Winslow	

FILED
DEC 19 1974
ROY BABITT
BANKRUPTCY JUDGE

TO THE HON. ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor"), objects to the allowance of the claim of Jean M. Winslow filed herein, to the extent said claimant has asserted a right to reclamation of her property, "customer" status under the Securities Protection Act of 1970 (the "Act"), or a right to payment from the Debtor's general estate (the "General Estate") as a member of the class of general creditors on the following grounds:

1. Said claimant admits having executed a subordination agreement with the Debtor wherein she agreed that in the event of a bankruptcy or a liquidation, claimant would not be entitled to share, ratably or otherwise, in the distribution of the assets of the Debtor until claims of all general unsecured creditors had been satisfied in full. All conditions precedent to claimant's agreement have been performed and claimant is bound by the terms of the agreement.

2. Claimant has alleged circumstances which she contends make the agreement void or voidable. These allegations concern fraud in the inducement and noncompliance with

applicable securities laws. The Trustee denies all such allegations whether based on the common law or failure to comply with provisions of applicable securities laws.

3. Even if, as claimant asserts, the subordination agreement could be considered void or voidable in a bilateral contract action between claimant and the Debtor because of the Debtor's alleged conduct, said claimant's agreement should be enforced in accordance with its terms in a liquidation proceeding under the Act, since every customer and creditor of the Debtor has relied to his detriment, either expressly or constructively, on the existence and validity of the subordination agreement.

4. Claimant is estopped from repudiating promises made to the New York Stock Exchange, Inc., in its capacity as a quasi-regulatory body, for the benefit of customers and creditors of the Debtor in a liquidation pursuant to the Act.

5. Claimant is estopped from rescinding the subordination agreement with the Debtor without offering to tender any of the benefits received by her under that contract. Upon information and belief, the benefits received by claimant are interest payments in an amount of $1,116.15. No part of said benefits has been tendered to, nor has any offer to tender been received by, the Trustee.

6. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of laches.

7. Claimant is barred from repudiating the agreement or the subordination provisions thereof by reason of waiver.

8. Although claimant filed a claim to property in her subordinated account on a customer claim form, claimant is not entitled to claim "customer" status under the Act since

Section 6(c)(2)(A)(ii) of the Act specifically excludes from the definition of "customer":

> "* * * any person to the extent that such person has a claim for property which by contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor or is subordinated to the claims of creditors of the debtor * * *"

9. To the extent that any claim which claimant may seek to assert involves a claim for money damages based on fraud or other intentional tortious conduct by the Debtor or its officers, said claim may not be proved under Section 63(a) of the Bankruptcy Act.

WHEREFORE, the Trustee prays that said claim of Jean M. Winslow, although allowed, be subordinated and postponed to the extent that dividends on said claim should be paid from the General Estate only after all priority debts have been paid and claims of all general unsecured creditors have been satisfied in full, and that he have such other and further relief as is just.

Dated at New York, New York, this 10th day of December, 1974.

HUGHES HUBBARD & REED

By James W. Giddens
A Member of the Firm
Attorneys for the Trustee
One Wall Street
New York, New York 10005
(212) WH 3-6500

ORDER TO SHOW CAUSE SIGNED BY BANKRUPTCY JUDGE ROY BABITT ON DECEMBER 13, 1974

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

165

3/12

In the Matter of WEIS SECURITIES, INC., Debtor.

73 Civ. 2332

ORDER TO SHOW CAUSE

Claims of GEORGE D. ALDRICH, All American Life & Casualty Company, Milton S. Gould, General United Life Insurance Company, O'Hare International Bank, Exchange National Bank of Chicago, Robert E. Slater, Fidelity Corporation, Security National Bank, Samuel Winslow, James J. Higginson, John DeBraganca, Jean M. Winslow, Eugene W. Stetson, Henry Wallace Cohu, Estate of Philip D. Holden, Grace Cutting McGrath, Grace M. McGrath, Craig Mitchell, Esther Levick, Jesse Reid Deitz, Arthur J. Kreizel, Weis, Voisin & Co., Inc., Employees' Profit Sharing Plan and Trust, and Eva Grossmann.

FILED
DEC 13 1974
ROY BABITT
BANKRUPTCY JUDGE

Upon the annexed affidavits of James W. Giddens, Esq. (the "Giddens Affidavit"), Janet Belsky, Harvey J. Bazaar and Robert M. Bishop, sworn to December 9 and 12, 1974, the annexed Statement pursuant to Rule 9(g) of the General Rules of this Court, and the prior proceedings to date, including the Trustee's Application, dated April 23, 1974, the Oppositions filed with respect thereto, the hearing thereon held July 16, 1974, and the Trustee's Objections to Claims as Asserted, filed December 12, 1974, with respect to the claims of each of the twenty-four subordinated lenders listed on Exhibit A to the Giddens Affidavit (the "Weis twenty-four"), and sufficient cause appearing therefor

NOW, IT IS ORDERED, that each of the Weis twenty-four show cause, at Room 201, United States Courthouse, Foley Square, New York, New York, on the 12th day of March, 1975, at 9:30 o'clock in the fore noon of that day, or as soon thereafter as counsel may be heard, why an Order pursuant to sections 5(b)(2) and 6(a) through (c) of the Securities Investor Protection Act of 1970, Bankruptcy Rules 914 and 756, Rule 56 of the Federal Rules of Civil Procedure and the inherent power of this Court shall not be entered

(a) Granting summary judgment for the Trustee on his objection to the claim of each of the Weis twenty-four; and

(b) Confirming the Trustee's position that though the claim of each of the Weis twenty-four may be allowed in this proceeding, each such claim must be subordinated and postponed until the claims of all general unsecured creditors have been satisfied in full; and

IT IS FURTHER ORDERED, that

(a) the Trustee shall have to and including January 3, 1975 to serve and file a memorandum of law and supplemental papers, if any, in support of the motion;

(b) the Securities Investor Protection Corporation, Inc. ("SIPC") shall have to and including January 15, 1975 to serve and file a memorandum of law and supplemental papers, if any;

(c) each of the Weis twenty-four shall have to and including February 11, 1975 to serve and file answering papers; and

(d) the Trustee and SIPC shall have to and including March 5, 1975 to serve and file their reply papers, if any; and

IT IS FURTHER ORDERED, that service of a copy of this Order and the papers annexed hereto by mail on the attorneys for each of the Weis twenty-four and for the Securities and Exchange Commission, SIPC and the New York Stock Exchange, Inc. on or before December 18, 1974 at six o'clock P.M. shall be deemed sufficient.

Dated: New York, New York
December 13, 1974

Roy Babitt

Roy Babitt
Bankruptcy Judge

STATEMENT PURSUANT TO LOCAL RULE 9(g)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter :

of : 73 Civ. 2332

WEIS SECURITIES, INC., : STATEMENT PURSUANT TO LOCAL RULE 9(g)

Debtor. :

- x

Claims of GEORGE D. ALDRICH, et al. :

- x

Pursuant to Rule 9(g) of the General Rules of this Court, the Trustee, by his undersigned attorneys, Hughes Hubbard & Reed, submits this statement of the facts material to his motion for summary judgment as to which there is no genuine issue to be tried:

1. Prior to the advent of the liquidation herein, the Debtor was a broker-dealer of securities and a member of the New York Stock Exchange, Inc. (the "Exchange"). The Debtor was regulated by the Exchange and the Securities and Exchange Commission ("SEC") and was subject to the net capital rules of the Exchange promulgated pursuant to its authority as a quasi-regulatory authority.

2. The net capital rules require a broker-dealer such as the Debtor to maintain at least a specified ratio between net capital and aggregate indebtedness. A broker-dealer's compliance with the net capital rules is monitored by the Exchange and the SEC, and a failure to comply can lead to a suspension of its business.

3. Net capital comprises items that are likely to be available to satisfy claims of customers and creditors upon a sudden liquidation or cessation of a broker-dealer's business.

4. Among the items permitted to be included as net capital is property contributed by lenders who agree, in contracts approved by the Exchange, to loan property to a broker-dealer but to subordinate their claims to its return to the claims of general creditors in the event of bankruptcy, liquidation or "insolvency".

5. Each of the twenty-four investors affected by the Trustee's motion was a party to an agreement of the type specified in paragraph 4. In some cases the lender signed a "secured demand note" by which he incurred a liability to the Debtor which was secured by cash or security contributed by the lender. In other cases, the lender maintained a securities account which he agreed to subordinate. In still other cases the lender contributed cash pursuant to a cash subordination agreement or in exchange for a subordinated debenture or promissory note.

6. Whatever the form, the agreement signed by each of the lenders contained the following provisions:

> a provision subordinating the lender's right to payment during the term of the agreement in the event of "insolvency";
>
> a provision (i) precluding payment in circumstances when the Debtor was or would be rendered insolvent, or was or would be rendered in violation of the net capital rules, or (ii) permitting the recovery of payments made to the lender in such circumstances;
>
> a provision requiring prior notice to and/or the prior approval by the Exchange with respect to any payment prior to the expiration date of the agreement.

7. The agreement signed by each of the lenders was required to be approved by the Exchange.

8. The ageement signed by each of the lenders had not expired or been terminated prior to the filing date.

9. The agreement signed by each of the lenders contained provisions entitling the lender to receive interest on the property contributed to the Debtor. Holders of subordinated debentures and promissory notes were entitled to receive interest at rates of eight to ten percent. Lenders who signed secured demand notes were entitled to receive interest at rates of eight percent on the principal amount of the note and also retained full rights to the normal interest and dividends paid on the property securing the note. Lenders who agreed to subordinate their account were entitled to receive interest at the rate of nine percent on cash and four percent on securities and also retained full rights to dividends and interest paid on the property in those accounts.

10. The property contributed by each of the lenders was computed as part of the Debtor's net capital.

1. Although each of the twenty-four lenders has alleged in his claim that his agreement to subordinate his claim has been voidable or void since its inception because of the conduct of the Debtor, none of the lenders had made any attempt to rescind the agreement prior to the filing date.

12. None of the twenty-four lenders has effectively tendered any of the interest payments received pursuant to his agreement.

13. The Trustee has objected to the claim of each lender to the extent that it seeks treatment in any capacity other than subordinated to the claims of all general creditors. The objection recites, inter alia, principles of estoppel that preclude rescission even if the conduct alleged by each of the lenders were proved.

WHEREFORE, the Trustee respectfully requests that his motion for summary judgment be granted.

Dated: New York, New York
December 12, 1974

Respectfully submitted,

HUGHES HUBBARD & REED
Attorneys for Trustee
One Wall Street
New York, New York 10005

AFFIDAVIT OF JAMES W. GIDDENS, ESQ., FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -x

In the Matter :

of :

WEIS SECURITIES, INC., : 73 Civ. 2332

Debtor.: AFFIDAVIT IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

- -:

Claims of George D. Aldrich, *et al.* :

- -x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JAMES W. GIDDENS, being duly sworn, deposes and says:

1. I am a member of the firm of Hughes Hubbard & Reed, attorneys for Edward S. Redington, trustee (the "Trustee") for the liquidation of the business of Weis Securities, Inc. (the "Debtor") and am a member of the bar of this Court. I am familiar with all pleadings and prior proceedings regarding the claims of the 24 subordinated lenders of the Debtor (hereinafter sometimes referred to as "the Weis twenty-four") who are listed on Exhibit A annexed hereto as well as the agreements signed by each lender.

2. I make this affidavit in support of the Trustee's motion, (a) for summary judgment on his objection to the claim of each of the Weis twenty-four pursuant to Bankruptcy Rules 914 and 756 and Rule 56 of the Federal Rules of Civil Procedure and (b) for an Order confirming the Trustee's position that although the claim of each of the Weis twenty-four may be allowed, each such claim must be subordinated and postponed until the claims of all general creditors have been satisfied in full.

Subordination Agreements

3. According to the books and records of the Debtor, each of the Weis twenty-four (and 28 other subordinated lenders) made claim to property which, as of the commencement of this proceeding, was by agreement subordinated to the claims of creditors of the Debtor. For convenience, claimants may be divided into two categories: (i) lenders whose claims are subordinated solely to the claims of creditors of the Debtor (12 lenders) and (ii) lenders whose claims are subordinated first to the claims of creditors of Winslow, Cohu & Stetson Incorporated, a broker-dealer from which the Debtor purchased certain assets pursuant to a Purchase Agreement dated September 19, 1969, and secondly to the claims of creditors of the Debtor (12 lenders). Exhibit A hereto sets forth the type of subordination agreement executed by, and the respective category of, each claimant.

4. Irrespective of form, each subordination agreement contained the following provisions, in substantially similar language, to the effect that:

(i) in the event of insolvency, bankruptcy, liquidation, etc., the lender is not entitled to share in a distribution of the assets of the Debtor until the claims of all creditors of the Debtor have been satisfied or provision made therefor;

(ii) if the lender's property is sold or otherwise disposed of, the lender shall have only a subordinated contract claim against the Debtor:

(iii) until the maturity date, the lender shall not withdraw his property or be repaid without the prior written consent of the Debtor and the Exchange (which consent would not be given if, after giving effect to such withdrawal, the Debtor would be in violation of the net capital rule); and

(iv) if withdrawal is made when the Debtor is insolvent, the lender shall repay and return to the Debtor either the property withdrawn or property of equal value.

5. As explained in the attached affidavit of Robert M. Bishop, Senior Vice-President of the New York Stock Exchange, Inc. (the "Exchange") each lender in the Weis twenty-four was required to be approved by the Stock Exchange. Each of their subordination agreements was required to be approved by the Exchange and, once approved, filed with the Exchange.

6. The agreements executed by the Weis twenty-four entitled each lender to interest on the value of his loan to the Debtor. Exhibit A reflects the interest rate to which each lender was entitled. Lenders who contributed securities to the Debtor were permitted under their respective subordination agreements to retain all rights of ownership with respect thereto, including the rights to dividends and interest on such securities.

Prior Proceedings

7. In their claims, each of the Weis twenty-four alleged conduct on the part of the Debtor or its officers which allegedly made its agreement to subordinate its claim void or voidable either at its inception or at the time of any extension or renewal of a previous agreement. The undersigned regards it as unlikely that all of these allegations would be established after trial but does not feel, as a matter of law, that trial of such claims should be necessary and the Trustee is making the present motion to avoid unjustified delay and expense in liquidating the Debtor.

8. On April 23, 1974, the Trustee filed an omnibus

Application (the April 23 Application") which fully set forth his position with respect to the claims of all (including the Weis twenty-four) the subordinated lenders of the Debtor and which is hereby incorporated by reference. In the April 23 Application, the Trustee proposed to allow such claims but requested this Court to enforce the subordination agreements in accordance with their terms notwithstanding the allegations of misconduct. Each of the Weis twenty-four was served with a Notice of the preliminary hearing on the April 23 Application together with a schedule setting forth the Trustee's position with respect to the allowance of his subordinated claim and a statement of his position that the subordination agreements should be enforced in accordance with their terms.

9. At a preliminary hearing, held July 16, 1974, with respect to the April 23 Application, twenty-two of the Weis twenty-four interposed an objection to the Trustee's position, each contending that his subordination agreement should be rescinded on the ground that the Debtor's misconduct made such agreement void or voidable. At an inquest held July 30, 1974, this Court did not confirm the Trustee's position with respect to the two other lenders listed on Exhibit A whose claims alleged misconduct by the Debtor.

Summary of Trustee's Position

10. The Trustee's position, as more fully set forth in the Memorandum of Law to be submitted in behalf of this motion, is that, even if each claimant could prove the allegations relating to misconduct, claimants would be estopped from repudiating their promises under such agreements. Under principles of common law, a contract which contains a promise to customers, creditors and regulatory authorities on which

creditors and customers were entitled to rely, and on which it was foreseeable that they would rely, will be enforced for their benefit, even if there were some ground, as a matter of bilateral contract law, for regarding the contract as a nullity. Accordingly, the truth of claimant's allegations, though yet to be proved, is not material to this motion.

11. In the federally regulated securities industry customers and creditors of the Debtor relied on the existence and integrity of each of the claimant's subordination agreements through the mechanism of the net capital rule of the Exchange (Rule 325) of which the Debtor was a member firm. Under Rule 325, a member-firm must not permit the ratio of its "aggregate indebtedness" (total money liabilities less specific exclusions) to its "net capital" (net worth less value of illiquid assets) to exceed 15 to 1. The property loaned to the Debtor pursuant to subordination agreements approved by the Exchange is permitted to be computed as net capital under Rule 325 and thus assisted the Debtor in complying with the Rule and in continuing in business. A failure to comply with the net capital rule could result in suspension of the broker-dealer.

12. The attached Affidavit of Harvey Bazaar, a partner in the accounting firm of Coopers & Lybrand, explains more fully the role of subordinated capital in broker-dealer financing and how such capital is treated for balance sheet and regulatory purposes. Both the Exchange and the Securities and Exchange Commission view net capital as a fund of liquid assets available to pay claims of customers and creditors of a broker-dealer, including other broker-dealers. Hence, as recited in the Bazaar Affidavit, on the Debtor's balance sheet (copies of which are annexed as

Exhibits A, B and C to the attached Affidavit of Janet Belsky), subordinated capital was listed directly above "Stockholders equity" under the heading "Subordinated liabilities and stockholders' equity" since such capital has characteristics sufficiently analogous to stockholders' equity to justify its being reflected in a similar manner.

13. No attempt had been made to rescind any of the claimants' agreements prior to the filing date, and there was no reason for the Exchange or anyone else who dealt with the Debtor to suspect that the property contributed by claimants was not fully and unconditionally subordinated to their claims. Accordingly, claimants should be estopped from now repudiating the promises made in those agreements.

WHEREFORE, the undersigned respectfully requests that the Trustee's Motion for Summary Judgment should in all respects be granted and the Court should enter an Order confirming the Trustee's position that satisfaction of the claims of the Weis twenty-four must be subordinated and postponed until the claims of all general creditors have been satisfied in full.

James W. Giddens
James W. Giddens

Sworn to before me this
12th day of December, 1974

Joseph E. Tammaro
Notary Public

JOSEPH E. TAMMARO
Notary Public, State of New York
No. 24-3929730
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1975

EXHIBIT A TO GIDDENS AFFIDAVIT - LIST OF SUBORDINATED LENDERS

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
George D. Aldrich	Secured Demand Note Collateral Agreement	$225,000	8% $30,418	9/29/69 2/1/73	12/1/75	The Debtor
Samuel R. Winslow	Secured Demand Note Collateral Agreement	$400,000	8% $107,676	9/29/69 12/1/72	12/1/75	The Debtor
Esther Levick	Secured Demand Note Collateral Agreement	$100,000	8% $6,000	6/13/72	6/15/75	The Debtor
Milton S. Gould	Agreement Subordinating Account(s)	Cash and Securities in Account No. 00-01017	4% of "Capital Requirement Value" $33,924	1/28/70 11/19/70	Upon 6 mos. notice but no earlier than 12/1/71	The Debtor
Fidelity Corporation	Subordinated Promissory Note	$1,000,000	10% $200,000	2/23/71	Upon 6 mos. notice but no earlier than 2/22/75	The Debtor

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount, if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
Eva Grossmann	Subordinated Debenture	$20,000	9% $8,000	6/28/67 6/25/69	90 days after written demand on or about 7/1/71	The Debtor
Exchange National Bank of Chicago	(3) Subordinated Promissory Notes	$1,000,000	3% above Prime Rate but not less than 9%	7/31/72	Upon 6 mos. notice but no earlier than: (1) 7/31/73 (2) 10/31/73 (3) 1/31/74	The Debtor
Security National Bank	(2) Subordinated Promissory Notes	$2,000,000	3% above Prime Rate but less than 9%	(1) 11/26/71 (2) 6/8/72	Upon 6 mos. notice but no earlier than: (1) 11/30/72 (2) 6/30/73	The Debtor
Robert E. Slater	Cash Subordination Agreement	$500,000	10%	5/7/73	5/7/74	The Debtor

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount, if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
Weis, Voisin & Co., Inc. Employees' Profit Sharing Plan & Trust	Cash Subordination Agreement	$95,000	9% $19,200	11/9/70 11/30/72	11/30/77	The Debtor
O'Hare International Bank	Senior Subordinated Note Agreement	$600,000	10% $8,876	9/29/72	10/1/80	The Debtor
General United Life Insurance Co.	Senior Subordinated Note Agreement	$1,200,000	10% $17,424	9/29/72	10/1/80	The Debtor
All American Life & Casualty	Senior Subordinated Note Agreement	$1,200,000	1[illegible] $[illegible]4	9/29/72	10/1/80	The Debtor
Arthur J. Kreizel	(2) Cash Subordination Agreement	$200,000	10% $20,000	(1)2/10/72 (2)4/21/72	(1)1/31/76 (2)4/21/76	The Debtor

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount, if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
Jesse Reid Dietz	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01233	4% on value of securities; 9% on cash $11,881	9/29/69 8/11/72	5/31/74 upon 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Eugene W. Stetson	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01203	4% on value of securities; 9% on cash $17,772	9/29/69 8/21/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
John De Braganca	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01239	4% on value of securities; 9% on cash $10,614	9/29/69 8/10/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Henry W. Cohu	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01200	4% on value of securities; 9% on cash $12,008	10/1/69 8/18/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
Philip D. Holden	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01209	4% on value of securities; 9% on cash $86,860	9/29/69 6/26/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Grac M. McGrath	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01224	4% on value of securities; 9% on cash $39,653	9/29/69 8/10/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Grace Cutting McGrath	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01221	4% on value of securities; 9% on cash $30,268	9/29/69 8/10/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Jean M. Winslow	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01236	4% on value of securities; 9% on cash $1,116	9/29/69 8/10/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor

A-277

EXHIBIT A

Lender	Type of Agreement	Amount of Loan	Interest Rate and Amount, if Any	Dates of Original & Current Agreement	Expiration Date of Current Agreement	Claim Subordinated to Creditors of:
James J. Higginson ✓	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01245	4% on value of securities; 9% on cash $24,440	9/29/69 8/8/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor
Craig K. Mitchell ✓	Agreement Subordinating Account(s)	Securities and Cash in Account No. 00-01215	4% on value of securities; 9% on cash $8,707	9/29/69 8/10/72	5/31/74 provided 6 months notice	Winslow, Cohu & Stetson Incorporated; then the Debtor

AFFIDAVIT OF JANET BELSKY, FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter of :

WEIS SECURITIES, INC., : 73 Civ. 2332

Debtor. : AFFIDAVIT

- :

Claims of George D. Aldrich, *et al*. :

- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JANET BELSKY, being duly sworn, deposes and says:

1. I am a supervisor of the Trustee's Administrative Staff and have been employed in this capacity since shortly after the Trustee's appointment. I make this affidavit in support of the Trustee's motion for summary judgment.

2. Prior to the filing date of the proceedings herein I had been employed continuously by the Debtor for a period of more than seven years. On September 22, 1970 I became a Senior Vice-President in Charge of Operations of the Debtor and occupied that position continuously until the filing date. In the course of my duties I became familiar with numerous books and records of the Debtor, including those quarterly and annual printed financial statements distributed to the public by the Debtor.

3. Annexed hereto as Exhibit A is a copy of the Debtor's audited financial statement as of May 26, 1972. Annexed hereto as Exhibits B and C, respectively, are copies of

the Debtor's printed Statements of Financial Condition dated as of November 24, 1972 and February 23, 1973.

4. Exhibits A, B and C are duplicate copies of the financial statements prepared by the Debtor or its auditors for distribution to customers, creditors and other members of the public. Duplicate copies of Exhibits A, B and C were mailed or distributed by hand to such persons prior to the filing date.

5. Since my duties with the Debtor did not include accounting functions, I have no knowledge of the truth or accuracy of any of the figures listed on Exhibits A, B and C. Such Exhibits are, however, accurate copies of the form in which the Debtor's assets and liabilities, including its subordinated capital, were represented to the public.

Janet Belsky

Sworn to before me this
9th day of December, 1974

Howard F. Hart
Notary Public

HOWARD F. HART
Notary Public, State of New York
No. 31-4511201
Qualified in New York County
Commission Expires March 30, 1975

EXHIBIT A TO BELSKY AFFIDAVIT - DEBTOR'S AUDITED FINANCIAL STATEMENT AS OF MAY 26, 1972

TOUCHE ROSS & CO.

EXHIBIT A

WEIS, VOISIN & CO., INC.
AND SUBSIDIARIES

REPORT ON EXAMINATION OF CONSOLIDATED FINANCIAL STATEMENTS

YEAR (52 WEEKS) ENDED MAY 26, 1972

TOUCHE ROSS & CO.

1633 BROADWAY
NEW YORK, NEW YORK 10019

July 21, 1972

Board of Directors
Weis, Voisin & Co., Inc.
New York, New York

We have examined the accompanying consolidated balance sheet of Weis, Voisin & Co., Inc. and subsidiaries as of May 26, 1972, and the related statements of earnings, stockholders' equity and changes in financial position for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Weis, Voisin & Co., Inc. and subsidiaries at May 26, 1972, the results of their operations and changes in their financial position for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co
Certified Public Accountants

WEIS, VOISIN

AND SUBSID

CONSOLIDATED BA

MAY 26,

ASSETS

Cash	$ 1,842,307
Deposits with clearing organizations and others	753,033
Receivables from brokers and dealers (Note 4)	8,775,852
Receivables from customers (Note 4)	76,376,206
Secured demand notes of subordinated lenders (collateralized by cash of $28,206 and securities, at quoted market $6,625,570) (Note 5)	4,226,794
Miscellaneous receivables (Note 9)	3,763,785
Securities owned (Note 6)	4,492,365
Securities held under subordination agreements, at quoted market (Note 5)	5,460,751
Exchange memberships:	
Owned, at cost (last sales prices $1,044,606)	1,289,938
Held under subordination agreements, at last sales prices (Note 5)	421,494
Leasehold improvements, office furniture and fixtures, at cost, less accumulated amortization and depreciation of $1,008,058 (Note 7)	3,513,321
Excess of investment over net assets acquired, less accumulated amortization of $76,465 (Note 3)	2,217,403
Miscellaneous other assets (Note 3)	2,396,602
	$115,529,851

See notes to consoli

& CO., INC.

IARIES

LANCE SHEET

1972

LIABILITIES AND STOCKHOLDERS' EQUITY

Short-term bank loans, collateralized by customers' margin accounts securities		$ 47,575,000
Short-term bank loans, collateralized by securities owned by the Company or covered by subordination agreements		6,912,245
Payables to brokers and dealers (Note 4)		14,311,794
Payables to customers (Note 4)		16,770,379
Securities sold but not yet purchased (Note 6)		2,967,457
Accounts payable and accrued expenses (Note 8)		2,952,582
Due to lessors on lease contracts capitalized (Note 7)		1,475,215
Subordinated liabilities and stockholders' equity:		
Liabilities subordinated to all claims of general creditors (Note 5)	$14,977,921	
Stockholders' equity (Notes 9 and 10):		
Capital stock	2,374,800	
Additional paid-in capital	2,767,078	
Retained earnings	3,811,397	
	8,953,275	
Less treasury stock, at cost	1,366,017	
	7,587,258	22,565,179
Contingencies and commitments (Notes 11 and 12)		
		$115,529,851

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WEIS, VOISIN & CO., INC.

AND SUBSIDIARIFS

CONSOLIDATED STATEMENT OF EARNINGS

YEAR (52 WEEKS) ENDED MAY 26, 1972

Revenues:		
Commissions:		
Customers		$19,160,975
Clearing brokers		762,745
Investment banking		5,191,186
Principal transactions (Note 6)		2,288,365
Interest		3,408,607
Fees		873,707
Other		161,718
		31,847,303
Expenses:		
Employee compensation	$15,575,609	
Commissions - clearing brokers	456,247	
Floor brokerage commissions	892,825	
Interest	3,120,501	
Office and equipment rentals	3,024,609	
Communications	2,596,221	
Other operating expenses	4,394,017	30,060,029
EARNINGS BEFORE TAXES ON INCOME		1,787,274
Taxes on income (Note 8)		765,000
NET EARNINGS		$ 1,022,274
Weighted average number of common and common equivalent shares outstanding (Note 13)		234,204
Earnings per common and common equivalent share (Note 13)		$4.36

See notes to consolidated financial statements

WEIS, VOISIN &

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOC

YEAR (52 WEEKS) ENDED MA

	Capital s		
	Number of sha		
	Common		
	Class A par $1.00	Class B par $1.00	Class A, par $100.00
Balance, June 1, 1971	150,000	150,000	16,248
Issued	-	-	-
Excess of proceeds over cost of treasury stock sold:			
Common, Class A - 29,375 shares	-	-	-
Common, Class B - 40,750 shares	-	-	-
Net earnings for the year (52 weeks) ended May 26, 1972	-	-	-
Balance, May 26, 1972	150,000	150,000	16,248

	Capital stock in treasury		
	Number of shares		
	Common		Preferred
	Class A, par $1.00	Class B par $1.00	Class A, par $100.00
Balance, June 1, 1971	61,375	24,124	6,412.96
Purchased	7,052	17,546	4,962.50
Sold	(29,375)	(40,750)	(5,400.00)
Balance, May 26, 1972	39,052	920	5,975.46

See notes to consolidated finan

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Y 26, 1972

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Class B r $1[illegible].00	Class C par $100.00	Amount	Additional paid-in capital	Retained earnings
-	-	$1,924,800	$2,469,921	$2,789,123
3,500	1,000	450,000	-	-
-	-	-	17,827	-
-	-	-	279,330	-
-	-	-	-	1,022,274
3,500	1,000	$2,374,800	$2,767,078	$3,811,397

Cost
2,162,929
835,057
1,631,969)
1,366,017

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WEIS, VOISIN & CO., INC.

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR (52 WEEKS) ENDED MAY 26, 1972

Source of funds:	
Operations:	
Net earnings	$ 1,022,274
Non-cash charges - depreciation and amortization	538,410
	1,560,684
Increase in:	
Short-term bank loans, collateralized by customers' margin account securities	31,073,040
Short-term bank loans, collateralized by securities owned by the Company or covered by subordination agreements	5,612,245
Payable to brokers and dealers	5,062,360
Payable to customers	5,642,327
Securities sold but not yet purchased	2,833,092
Liabilities subordinated to all claims of general creditors	6,474,117
Proceeds from issue of preferred stock	450,000
Proceeds from sale of treasury stock:	
Cost	1,631,969
Excess of proceeds over cost	297,157
Other sources	61,550
	60,698,541
Application of funds:	
Increase in:	
Deposits with clearing organizations	487,317
Receivables from brokers and dealers	4,064,603
Receivables from customers	42,799,812
Secured demand notes of subordinated lenders	4,226,794
Miscellaneous receivables	1,397,252
Securities owned	924,121
Securities held under subordination agreements	146,933
Exchange memberships owned	154,050
Exchange memberships held under subordination agreements	152,768
Miscellaneous other assets	1,750,911
Purchase of leasehold improvements and furniture and fixtures	1,937,996
Excess of investment over net assets acquired	2,217,403
Purchase of treasury stock	835,057
	61,095,017
Decrease in cash	$ 396,476

See notes to consolidated financial statements

WEIS, VOISIN & CO., INC.

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of Weis, Voisin & Co., Inc. and all of its subsidiaries. The results of operations of companies purchased are included from the dates of acquisition. All significant intercompany balances and transactions have been eliminated in consolidation.

2. ACCOUNTING:

In 1972 the Company adopted a fiscal year consisting of the fifty-two or fifty-three week period ending the last Friday of May. Prior to 1972, the Company's fiscal year ended on May 31.

Security transactions are recorded in the accounts on settlement date. Commission income and related expenses for transactions executed but not settled are accrued on financial statement dates.

3. ACQUISITIONS:

Scheinman, Hochstin & Trotta, Inc.:

As of October 1, 1971, the Company acquired certain specified assets and assumed certain specified liabilities of Scheinman, Hochstin & Trotta, Inc. (SH&T), a former member firm of the New York Stock Exchange. This acquisition has been accounted for as a purchase and the excess of investment over net assets acquired of $2,293,868 is being amortized over a twenty-year period.

As part of the purchase agreement a subordinated lender of SH&T agreed to become a subordinated lender of the Company and to indemnify the Company to a maximum of $4,000,000 in the event the assumed liabilities exceeded the acquired assets. Through May 26, 1972 the liabilities assumed exceed the assets acquired by approximately $750,000 which is included in miscellaneous other assets.

Thomas J. Deegan Company, Inc.:

As of July 1, 1971, the Company acquired the outstanding capital stock of Thomas J. Deegan Company, Inc. in exchange for 3,500 shares of its 1% cumulative convertible preferred par value $100, Class B stock. The Company is accounting for this acquisition as a purchase.

4. RECEIVABLES FROM AND PAYABLES TO BROKERS AND DEALERS AND CUSTOMERS:

The components of receivables from and payables to brokers and dealers as of May 26, 1972 are as follows:

Securities failed to deliver	$ 5,246,870
Deposits paid for securities borrowed	2,641,600
Other	887,382
Total receivables from brokers and dealers	$ 8,775,852
Securities failed to receive	$ 5,642,689
Deposits received for securities loaned	8,433,450
Other	235,655
Total payables to brokers and dealers	$14,311,794

"Fails" represent the contract value of securities which have not been received or delivered by settlement date.

Receivables from and payables to customers represent the dollar balances arising in connection with normal cash and margin transactions. The receivables are collateralized by securities held by the Company which are not reflected in the accompanying consolidated financial statements. Free credit balances totaling approximately $6,792,000 at May 26, 1972 are included in payables to customers. Accounts of officers, directors and stockholders are included in receivables from and payables to customers since they are subject to the normal terms and regulations as to payment and, in the aggregate, are not significant.

5. LIABILITIES SUBORDINATED TO ALL CLAIMS OF GENERAL CREDITORS:

Certain creditors of the Company have signed agreements subordinating their debentures, exchange memberships or securities accounts to all claims of general creditors, and thus the respective amounts are available to the Company in computing net capital under the New York Stock Exchange rule regarding capital requirements (see Note 10). These agreements generally specify release, payment, or redemption no less than six months following the date on which the lender demands termination subject to approval of the New York Stock Exchange. These liabilities at May 26, 1972 are summarized as follows:

	Rate of interest	
Debentures	7 - 10%	$ 3,110,275
Secured demand notes	8%	4,255,000
Exchange memberships	6 - 8%	421,494
Equities in securities accounts:		
Securities at quoted market	2.8 - 5%	5,460,751
Cash	4 - 10%	1,730,401
		$14,977,921

6. SECURITIES OWNED:

Securities owned at May 26, 1972 consist of the Company's regular trading and investment accounts and are summarized as follows:

		Cost
Marketable securities - at quoted market:		
U. S. Government bonds	$ 330,200	$ 332,560
Municipal bonds	175,800	162,587
Corporate debentures and note	69,718	69,608
Corporate stocks	1,730,167	1,745,421
Arbitrage (convertible within 30 days)	1,236,572	1,151,459
	3,542,457	3,461,635
Securities not readily marketable - at fair value	949,908	508,244
	$4,492,365	$3,969,879
Marketable securities sold but not yet purchased - at quoted market:		
Corporate debentures and notes	$ 24,734	$ 24,700
Corporate stocks	1,682,327	1,671,581
Arbitrage (convertible within 30 days)	1,260,396	1,192,206
	$2,967,457	$2,888,487

Quoted market has been determined by reference to available quotations as to marketable securities. The fair values of securities not readily marketable have been determined by management. Fair values as determined are, in the aggregate, not less than cost.

The increase in unrealized appreciation on securities owned for the fiscal year ended May 26, 1972 of $285,516 is included in principal transactions on the statement of earnings. The effect on net earnings (after taxes) is $170,667 or $.73 per share.

7. LEASEHOLD IMPROVEMENTS, OFFICE FURNITURE AND FIXTURES:

Leasehold improvements, office furniture and fixtures include approximately $2,300,000 of such assets acquired under lease contracts. The net book value of these assets of approximately $1,700,000 collateralizes the amounts due to lessors on lease contracts capitalized. The Company computes depreciation and amortization on the straight-line method for financial statement purposes (see Note 8).

8. TAXES ON INCOME:

Taxes on income indicate a significant variation in the customary relationship to earnings before taxes on income due to the effect of the different tax rates applied to ordinary income and capital gains, and because federal taxes on income were reduced by $113,000 of investment tax credit. The Company accounts for the investment tax credit by use of the flow-through method. Deferred income taxes of $18,000 have been provided on the difference in depreciation and amortization for leasehold improvements, office furniture and fixtures acquired since June 1, 1971, computed by the double-declining balance method for tax purposes and the straight-line method for financial reporting purposes. The liability for taxes on income ($564,000 after reduction for estimated tax payments) at May 26, 1972 is included in accounts payable and accrued expenses.

9. STOCKHOLDERS' EQUITY:

The capital stock of the Company is composed of the following at May 26, 1972:

	Number of shares				
Description	Authorized	Issued	Outstanding	In treasury	Amount
Common, par value $1, Class A (voting)	150,000	150,000	110,948	39,052	$ 150,000
Common, par value $1, Class B (non-voting)	150,000	150,000	149,080	920	150,000
Preferred, par value $100, Class A	55,000	16,248	10,273	5,975	1,624,800
Preferred, par value $100, Class B, 1% cumulative, convertible	3,500	3,500	3,500	-	350,000
Preferred, par value $100, Class C, 1% cumulative, convertible	2,500	1,000	1,000	-	100,000
Preferred, par value $100, Class D, 6% cumulative	10,000	-	-	-	-
					$2,374,800

The Company has granted stock options (at option prices not less than fair market value as determined by the Company) to subordinated lenders to purchase Class B, non-voting common stock as follows:

Option granted	Exercise amount	Expiration date
Shares equal to 2% of total Class A and Class B common stock issued and outstanding at the exercise date	2% of total stockholders' equity at exercise date	1976
10,907 shares	$25 per share	1975
2,000 shares	$35,000	Upon termination of subordination agreement

The exercise of these options is subject to the written approval of the New York Stock Exchange.

Subject to certain anti-dilution provisions, the 3,500 shares of Class B preferred stock are convertible, in whole but not in part, into 3,500 shares each of Class A and Class B common stock and the 1,000 shares of Class C preferred stock are convertible, in whole but not in part, into 2,000 shares of Class B common stock.

As of May 26, 1972, $768,000 included in miscellaneous receivables in the accompanying consolidated balance sheet was due from employees in connection with the purchase of the Company's capital stock.

10. NET CAPITAL REQUIREMENTS:

The Company is required to comply with a New York Stock Exchange regulation which provides that the Company maintain a ratio of aggregate indebtedness to net capital, as defined, not exceeding 15 to 1. The excess net capital as computed under this rule was approximately $2,878,000 at May 26, 1972.

11. COMMITMENTS AND CONTINGENCIES:

There are various lawsuits pending against the Company which, in the opinion of management, will be resolved with no material adverse effect on the financial condition of the Company.

Aggregate rental commitments at May 26, 1972 under material noncancellable leases for premises were approximately $34,650,000 payable as follows:

Fiscal year ending	Amount
May 25, 1973	$ 3,000,000
May 31, 1974	2,825,000
May 30, 1975	2,875,000
May 28, 1976	2,750,000
May 27, 1977	2,725,000
May 26, 1978-1991	20,475,000

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to underwriting commitments which were open as of May 26, 1972 and subsequently settled, had no material effect on the financial statements at that date

12. PROFIT SHARING PLAN:

The Company has a non-contributory profit sharing plan, qualified under the Internal Revenue Code, which covers substantially all employees with more than one year's service. The plan is funded through a self-administered trust and may be terminated at any time by the Company. Contributions to the Trust are made at the sole discretion of the Company's Board of Directors. The amount charged to income during the year was $150,000.

13. EARNINGS PER SHARE:

Earnings per common share and common equivalent share were computed by dividing net earnings by the weighted-average number of Class A voting and Class B non-voting common shares and common share equivalents outstanding during the year. The number of common share equivalents outstanding included, (1) weighted-average of 6,417 shares issuable on conversion of the Class B preferred stock, (2) weighted average of 1,360 shares issuable on conversion of the Class C preferred stock and (3) 600 shares issuable on exercise of stock options which are dilutive. All other stock options outstanding are anti-dilutive and are excluded in computing earnings per share.

EXHIBIT B TO BELSKY AFFIDAVIT - DEBTOR'S
PRINTED STATEMENT OF FINANCIAL CONDITION
DATED NOVEMBER 24, 1972

STATEMENT OF FINANCIAL CONDITION NOVEMBER 24, 1972

ASSETS

Cash	$ 3,512,844
Deposits with clearing organizations and others	1,033,773
Receivables from brokers and dealers	7,855,671
Receivables from customers	76,973,404
Secured demand notes of subordinated lenders (collateralized by securities, at quoted market $6,954,196)	4,634,125
Miscellaneous receivables	3,382,054
Securities in firm trading and investment accounts:	
Marketable securities, at quoted market	4,668,141
Securities not readily marketable, at fair value	1,196,816
Securities held under subordination agreements, at quoted market	4,410,584
Investment in and advances to subsidiaries, at cost, plus equity in undistributed earnings	1,549,639
Exchange memberships:	
Owned, at cost (last sales prices $806,138)	1,281,938
Held under subordination agreement, at last sales prices	454,262
Leasehold improvements, office furniture and fixtures, at cost, less accumulated amortization and depreciation of $986,629	3,056,991
Excess of investment over net assets acquired, less accumulated amortization of $115,000	2,448,622
Miscellaneous other assets	2,402,409
	$118,861,273

LIABILITIES AND STOCKHOLDERS' EQUITY

Short-term bank loans, collateralized by customers' margin accounts securities		$ 52,925,000
Short-term bank loans, collateralized by securities owned by the Company or covered by subordination agreements		6,455,000
Payables to brokers and dealers		14,550,000
Payables to customers		12,181,582
Securities sold but not yet purchased, at quoted market		295,346
Accounts payable and accrued expenses		3,684,083
Due to lessors on lease contracts capitalized		1,252,310
Subordinated liabilities and stockholders' equity:		
Liabilities subordinated to all claims of general creditors (Note 1)		19,814,538
Stockholders' equity:		
Capital stock (Note 2)	$2,384,630	
Additional paid-in capital	2,946,955	
Retained earnings	4,216,268	
	9,547,853	
Less treasury stock, at cost	1,844,439	7,703,414
Contingencies and commitments (Note 3)		
		$118,861,273

NOTE 1: LIABILITIES SUBORDINATED TO ALL CLAIMS OF GENERAL CREDITORS: Certain creditors of the Company have signed agreements subordinating their debentures, exchange memberships or securities accounts to all claims of general creditors, and thus the respective amounts are available to the Company in computing net capital under the New York Stock Exchange rule regarding capital requirements (see Note 4). These agreements generally specify release, payment,or redemption no less than six months following the date on which the lender demands termination subject to approval of the New York Stock Exchange. These liabilities at Nov. 24, 1972 are summarized as follows:

Maturity	Debentures	Secured Demand Notes	Exchange Memberships	Securities Accounts	Total
Within 6 months	$ 100,000	$1,031,250	$ —	$ 686,063	$ 1,817,313
6 mo. to 1 yr.	3,079,000	856,250	—	1,684,650	5,619,900
1 to 2 years	776,275	1,062,500	—	3,167,753	5,006,528
2 to 3 years	1,100,000	1,174,125	—	—	2,274,125
3 to 4 years	400,000	510,000	—	1,232,410	2,142,410
4 yrs. & over	2,500,000	—	—	—	2,500,000
Other	—	—	454,262	—	454,262
	$7,955,275	$4,634,125	$ 454,262	$6.770.876	$19.814.538

NOTE 2: The capital stock of the Company is composed of the following classes of stock:

Description	Authorized	Issued	Outstanding	In treasury	Amount
Common, par value $1, Class A (voting)	300,000	150,000	94,823	55,177	$ 150,000
Common, par value $1, Class B (non-voting)	300,000	159,830	149,278	10,552	159,830
Preferred, par value $100, Class A	55,000	16,248	9,573	6,675	1,624,800
Preferred, par value $100, Class B, 1% cumulative, convertible	3,500	3,500	3,500	—	350,000
Preferred, par value $100, Class C, 1% cumulative, convertible	2,500	1,000	1,000	—	100,000
Preferred, par value $100, Class D, 6% cumulative	10,000	—	—	—	—
					$2,384,630

The Company has granted stock options to subordinated lenders to purchase Class B, non-voting common stock as follows:

Option granted	Exercise amount	Expiration date
Shares equal to 2% of total Class A and Class B common stock issued and outstanding at the exercise date	2% of total stockholders' equity at exercise date	1976
10,907 shares	$25 per share	1975
2,000 shares	$35,000	termination of agreement

The exercise of these options is subject to the written approval of the New York Stock Exchange.

NOTE 3: Aggregate rental commitments at November 24, 1972, under material noncancelable leases for premises are payable as follows:

Fiscal year ending	Amount
May 25, 1973	$ 1,520,000
May 31, 1974	2,874,000
May 30, 1975	2,924,000
May 28, 1976	2,799,000
May 27, 1977	2,774,000
May 26, 1978-1991	20,748,000

NOTE 4: The Company is required to maintain a minimum net capital and a ratio of aggregate indebtedness to net capital as defined by New York Stock Exchange Rule 325. Although net capital and aggregate indebtedness change from day to day, the Companys' net capital at November 24, 1972 exceeded capital requirements by approximately $5,000,000.

BRANCH OFFICES

MAIN OFFICE
17 BATTERY PLACE NORTH
NEW YORK, N. Y. 10004
(212) 747-8000

California
- 5900 Wilshire Boulevard
  Los Angeles 90036
  (213) 937-6020
- 1 California Street
  San Francisco 94111
  (415) 398-4949

Colorado
- Prudential Plaza Building
  1050 17th Street
  Denver 80202
  (303) 573-8414

Connecticut
- 332 Whalley Avenue
  New Haven 06511
  (203) 772-2300
- 18 North Main Street
  West Hartford 06107
  (203) 521-7460

Florida
- 811 Lucerne Avenue
  Lake Worth 33460
  (305) 582-7491
- 411 Arthur Godfrey Road
  Miami Beach 33140
  (305) 532-8381
- 1124 Kane Concourse
  Miami Beach 33154
  (305) 865-9941

Illinois
- 50 West Adams Street
  Chicago 60603
  (312) 641-0500

Maryland
- 214 North Charles Street
  Baltimore 21201
  (301) 539-6644

Massachusetts
- 99 High Street
  Boston 02110
  (617) 482-8350
- 37 Mechanic Street
  Worcester 01608
  (617) 756-7151

New Jersey
- 19 Grand Avenue
  Englewood 07631
  (201) 567-8100
- 2175 Lemoine Avenue
  Fort Lee 07024
  (201) 461-6400
- Prudential Mall
  150 Halsey Street
  Newark 07102
  (201) 624-8750
- The Garden State Plaza
  Paramus 07652
  (201) 843-1450
- 2013 Morris Avenue
  Union 07083
  (201) 964-3300

New York
- 1 Voisin Plaza
  Cedarhurst 11516
  (516) 374-7000
- Thruway Plaza, Route 59
  Nanuet 10954
  (914) 356-4440
- 49 West 33rd Street
  New York 10001
  (212) 565-0500
- 1385 Broadway
  New York 10018
  (212) 736-1010
- 989 Madison Avenue
  New York 10021
  (212) 628-5800

Pennsylvania
- 7 South Market Square
  Harrisburg 17101
  (717) 233-6534
- 203 West State Street
  Media 19063
  (215) 565-1300
- 2 Penn Center Plaza
  Philadelphia 19102
  (215) 561-4000
- 127 East Market Street
  York 17401
  (717) 848-1161

OVERSEAS BRANCHES

England
- 61 Cheapside
  London EC 2, England
  248-4217

Paris
- 72 Blvd. Haussmann
  Paris 8, France 75
  522-2192

Israel
- Shalom Tower
  9 Ahad Haam Street
  Tel Aviv, Israel
  51525

Weis, Voisin & Co., Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC.

STATEMENT OF FINANCIAL CONDITION

November 24, 1972

Unaudited

A-293a

EXHIBIT C TO BELSKY AFFIDAVIT - DEBTOR'S PRINTED STATEMENT OF FINANCIAL CONDITION DATED FEBRUARY 23, 1973

EXHIBIT C

STATEMENT OF FINANCIAL CONDITION FEBRUARY 23, 1973

ASSETS

Cash	$ 1,846,93[illegible]
Deposits with clearing organizations and others	450,705
Receivables from brokers and dealers	4,897,598
Receivables from customers	74,551,776
Secured demand notes of subordinated lenders (collateralized by securities, at quoted market $6,897,336)	5,416,750
Miscellaneous receivables	3,658,697
Securities in firm trading and investment accounts:	
Marketable securities, at quoted market	3,104,550
Securities not readily marketable, at fair value	1,520,984
Securities held under subordination agreements, at quoted market	3,646,848
Investment in and advances to subsidiaries, at cost, plus equity in undistributed earnings	2,314,730
Exchange memberships:	
Owned, at cost (last sale prices $608,802)	1,105,138
Held under subordination agreement, at last sales prices	319,798
Leasehold improvements, office furniture and fixtures at cost, less accumulated amortization & depreciation of $1,076,323	3,054,186
Excess of investment over net assets acquired, less accumulated amortization of $145,000	2,478,622
Miscellaneous other assets	2,388,889
	$110,756,207

LIABILITIES AND STOCKHOLDERS' EQUITY

Short-term bank loans, collateralized by customers' margin accounts securities		$ 51,225,000
Short-term bank loans, collateralized by securities owned by the Company or covered by subordination agreements		6,291,000
Payables to brokers and dealers		13,451,518
Payables to customers		9,987,873
Securities sold but not yet purchased, at quoted market		299,043
Accounts payable and accrued expenses		2,200,717
Due to lessors on lease contracts capitalized		1,137,500
Subordinated Liabilities and Stockholders' Equity:		
Liabilities subordinated to all claims of general creditors (Note 1)		$ 19,119,036
Stockholders' equity:		
Capital stock (Note 2)	$ 2,384,630	
Additional paid-in capital	2,946,955	
Retained earnings	3,591,729	
	8,923,314	
Less treasury stock at cost	1,878,794	7,044,520
Contingencies and commitments (Note 3)		
		$110,756,207

NOTE: 1 LIABILITIES SUBORDINATED TO ALL CLAIMS OF GENERAL CREDITORS: Certain creditors of the Company have signed agreements subordinating their debentures, exchange memberships or securities accounts to all claims of general creditors, and thus the respective amounts are available to the Company in computing net capital under the New York Stock Exchange Rule regarding capital requirements (see Note 4). These agreements generally specify release, payment, or redemption no less than six months following the date on which the lender demands termination subject to approval of the New York Stock Exchange. These liabilities at February 23, 1973 are summarized as follows:

Maturity	Debentures	Secured Demand Notes	Exchange Member Ships	Securities Accounts	Total
Within 6 months	$ 100,000	$ 531,250	$ —	$ —	$ 631,250
6 mo. to 1 yr.	2,571,275	856,250	—	1,087,698	4,515,223
1 to 2 years	1,284,000	1,687,500	—	2,535,652	5,507,152
2 to 3 years	1,200,000	1,341,750	—	—	2,541,750
3 to 4 years	400,000	1,000,000	—	1,803,863	3,203,863
4 yrs. & over	2,400,000				2,400,000
Other	—	—	319,798		319,798
	$ 7,955,275	$ 5,416,750	$ 319,798	$ 5,427,213	$19,119,036

NOTE 2: The capital stock of the Company is composed of the following classes of stock:

Description	Authorized	Issued	Out-Standing	In Treasury	Amount
Common, par value $1 Class A (voting)	300,000	150,000	91,073	58,927	$ 150,000
Common, par value $1 Class B (non-voting)	300,000	159,830	144,391	15,439	159,830
Preferred, par value $100, class A	55,000	16,248	10,899	5,349	1,624,800
Preferred, par value [illegible] class B, 1% cumulative, convertible	3,500	3,500	3,500	—	350,000
Preferred par value $100, class C, 1% cumulative, convertible	2,500	1,000	1,000	—	100,000
Preferred, par value $100 class D, 6% cumulative	10,000	—	—	—	—
					$ 2,384,630

The Company has granted stock options to subordinated lenders to purchase Class B, non-voting common stock as follows.

Option granted	Exercise amount	Expiration date
Shares equal to 2% of total Class A and Class B common stock issued and outstanding at the exercise date	2% of total stockholders' equity at exercise date	1976
10,907 shares	$25 per share	1975

The exercise of these options is subject to the written approval of the New York Stock Exchange.

NOTE 3: Aggregate rental commitments at February 23, 1973, under material noncancellable leases for premises are payable as follows:

Fiscal Year Ending	Amount
May 25, 1973	$ 750,000
May 31, 1974	2,874,000
May 30, 1975	2,924,000
May 28, 1976	2,799,000
May 27, 1977	2,774,000
May 26, 1978-1991	20,748,000

NOTE 4: The Company is required to maintain a minimum net capital as defined by New York Stock Exchange Rule 325. Although net capital and aggregate indebtedness change from day to day, the Companys' net capital at February 23, 1973 exceeded capital requirements by approximately $3,900,000.

Weis, Voisin & Co., Inc.

MEMBERS NEW YORK STOCK EXCHANGE, INC.

STATEMENT OF FINANCIAL CONDITION

February 23, 1973

Unaudited

A-294a

BRANCH OFFICES

MAIN OFFICE
17 BATTERY PLACE NORTH
NEW YORK, N.Y. 10004
(212) 747-8000

California

- 5900 Wilshire Boulevard
  Los Angeles 90036
  (213) 937-6020
- 1 California Street
  San Francisco 94111
  (415) 398-4949

Colorado

- Prudential Plaza Building
  1050 17th Street
  Denver 80202
  (303) 573-8414

Connecticut

- 332 Whalley Avenue
  New Haven 06511
  (203) 772-2300
- 18 North Main Street
  West Hartford 06107
  (203) 521-7460

Florida

- 811 Lucerne Avenue
  Lake Worth 33460
  (305) 582-7491
- 411 Arthur Godfrey Road
  Miami Beach 33140
  (305) 532-8381
- 1124 Kane Concourse
  Miami Beach 33154
  (305) 865-9941

Illinois

- 50 West Adams Street
  Chicago 60603
  (312) 641-0500

Maryland

- 214 North Charles Street
  Baltimore 21201
  (301) 539-6644

Massachusetts

- 99 High Street
  Boston 02110
  (617) 482-8350
- 37 Mechanic Street
  Worcester 01608
  (617) 756-7151

New Jersey

- **2125 Center Avenue**
  Fort Lee 07024
  (201) 461-6400
- Prudential Mall
  150 Halsey Street
  Newark 07102
  (201) 624-8750
- 2013 Morris Avenue
  Union 07083
  (201) 964-3300

New York

- 1 Voisin Plaza
  Cedarhurst 11516
  (516) 374-7000
- 49 West 33rd Street
  New York 10001
  (212) 565-0500
- 1385 Broadway
  New York 10018
  (212) 736-1010
- 989 Madison Avenue
  New York 10021
  (212) 628-5800

Pennsylvania

- 7 South Market Square
  Harrisburg 17101
  (717) 233-6534
- 203 West State Street
  Media 19063
  (215) 561-4000
- 127 East Market Street
  York 17401
  (717) 848-1161
- 2 Penn Center Plaza
  Philadelphia 19102
  (215) 561-4000

OVERSEAS BRANCHES

England

- 61 Cheapside
  London EC 2, England
  248-4217

Paris

- 72 Blvd. Haussmann
  Paris 8, France 75
  522-2192

Israel

- Shalom Tower
  9 Ahad Haam Street
  Tel Aviv, Israel
  51525

AFFIDAVIT OF HARVEY J. BAZAAR, C.P.A., FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter :

of :

WEIS SECURITIES, INC., : 73 Civ. 2332

Debtor. : AFFIDAVIT

- :

Claims of George D. Aldrich, *et al*. :

- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

HARVEY J. BAZAAR, being duly sworn, deposes and says:

1. I am a Certified Public Accountant and a member of the accounting firm of Coopers & Lybrand, 1251 Avenue of the Americas, New York, New York. I make this affidavit in support of the Trustee's motion for summary judgment regarding the claims of twenty-four subordinated lenders of Weis Securities, Inc. (the "Debtor").

2. One of the principal areas of my practice, to which I devote approximately eighty percent of my time, is stock-brokerage auditing. I am Chairman of Coopers & Lybrand's National Industry Committee, Security and Commodity Brokers, Exchanges and Services, and in this capacity I deal regularly with various regulators of broker-dealers in securities, including both the Securities and Exchange Commission ("SEC") and the New York Stock Exchange, Inc. (the "Exchange"). I have participated in or assumed responsibility for between sixty and seventy-five broker-dealer audits in the last three years,

about half of which involved Exchange members. I am a member of the Subcommittee on Brokerage Auditing of the American Institute of Certified Public Accountants. I am familiar with the changes in recent years (both proposed and effective) in rules relating to broker-dealers and have had, and continue to have, responsibility for commenting to regulatory authorities on such rules on behalf of Coopers & Lybrand. I am also responsible for training the professional staff used by Coopers & Lybrand in conducting brokerage audits and conduct periodic seminars and training sessions for such personnel. I was a consulting editor for The Stock Market Handbook: A Reference Manual For the Securities Industry which was published in 1970.

Role of Subordinated Capital in Broker-Dealer Financing

3. As a member firm of the Exchange, the Debtor was subject to the "net capital rules" (Rule 325) of the Exchange. For purposes of Rule 325, "net capital" is essentially the net worth of a broker-dealer less the value of illiquid assets and a certain percentage of the market value of proprietary securities. Net capital is viewed by both the SEC and the Exchange as a fund of liquid assets available to pay claims of customers and creditors of a broker-dealer, including other broker-dealers. Rule 325 provides that a broker-dealer (such as the Debtor) which carries customer accounts must not allow the ratio of its "aggregate indebtedness" (total money liabilities less specific exclusions) to net capital to exceed 15 to 1.

4. Under Rule 325, securities and cash contributed to broker-dealers pursuant to subordination agreements approved by the Exchange are includible in "net capital" and specifically

excluded from "aggregate indebtedness." This treatment of subordinated capital is explained on pages 102-103 of the Audits for Brokers and Dealers in Securities (the "Audit Guide") which was issued in February 1973 by the American Institute of Certified Public Accountants. Xerox copies of pages 102-103 ("Computation of Net Capital and Capital Ratio") are annexed hereto as Exhibit A. Subordinated capital is thus treated similarly to equity capital for purposes of the net capital rules and assists the broker-dealer in complying with such rules.

Reflection of Subordinated Capital on the Broker-Dealer's Balance Sheet

5. On the Debtor's balance sheets, copies of which I have reviewed and are annexed as exhibits to the preceding Affidavit of Janet Belsky, subordinated capital property was listed under the heading "Subordinated Liabilities and Stockholders' Equity." "Liabilities subordinated to all claims of general creditors" is listed directly above "Stockholders' equity" under the heading "Subordinated liabilities and stockholders' equity." Similar treatment of subordinated capital is reflected in the sample balance sheet which appears at pages 159-161 as Exhibit E to the Audit Guide. A xerox copy of the sample balance sheet is annexed hereto as Exhibit B.

6. The reason for the above-described accounting treatment of subordinated capital is that such capital has characteristics sufficiently analogous to stockholders' equity to justify its being reflected in a similar manner. Since the claims of subordinated lenders, like the claims of stockholders, are subordinated to claims of general creditors, the two types

of capital are treated similarly in statements intended for use by customers, creditors and other members of the public.

Harvey J. Bazaar

Sworn to before me this
9th day of December, 1974

Notary Public
GERALD B. WALD
Notary Public, State of New York
No. 31-[illegible]
Qualified in New York County
Commission Expires March 30, 1976

EXHIBIT A TO BAZAAR AFFIDAVIT - EXCERPT FROM AUDITS FOR BROKERS AND DEALERS IN SECURITIES

The margining of accounts contemplates that consideration be given to margin required with respect to contractual commitments such as "when issued," "when distributed," and "delayed delivery" transactions and put and call options.

Computation of Net Capital and Capital Ratio

Before completion of the examination of the Answers to Financial Questionnaire, the independent public accountant is required to verify the computation of net capital and the capital ratio of the respondent as of the audit date in accordance with the rules of the Securities and Exchange Commission or of the securities exchanges of which the respondent is a member. He is also required to review the procedures followed in making the periodic computations required under provisions of Rule 17a-3 (a)(11) of the Securities and Exchange Commission. The various net capital rules specify the maintenance of a minimum net capital and establish maximum permissible ratios of aggregate indebtedness to net capital.

Net capital is basically the net worth plus, where applicable, subordinated indebtedness of a broker or dealer less (1) assets which cannot be readily converted into cash and (2) certain percentage reductions, referred to as haircuts, in the market value of proprietary securities.

"Aggregate indebtedness" is the aggregate of certain liabilities as set forth in Rule 15c3-1 of the Securities Exchange Act of 1934 and may be defined generally as total money liabilities excluding amounts payable to general partners and excluding indebtedness (1) adequately collateralized by securities exempted from registration under the Securities Exchange Act of 1934 otherwise than by action of the Securities and Exchange Commission, (2) adequately collateralized entirely by proprietary securities, and (3) subordinated to claims of general creditors under approved agreements.

The rules, regulations, and instructions relating to the computation of net capital have been made quite extensive in an attempt to provide for the proper handling of a myriad of transactions. Since the number of situations a broker or dealer may engage in is limited to some extent only by his imagination, a standard form which may be used to insert figures to arrive at

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Computation of Fo
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Report to Be Rende

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net capital does not appear to be practical. However, examples of a computation are provided in Exhibit R and in the Securities Exchange Act (1934) Release No. 8024 (which is also identified as Accounting Series Release No. 107 of the Securities and Exchange Commission). Unfortunately, there are at present numerous variations in the capital rules of the regulatory and self-regulatory bodies. It is, therefore, extremely important that the independent public accountant ascertain (a) which rule is applicable in each case, and (b) that he is familiar with the current provisions and interpretations of such rule.

Computation of Formula for Determination Of Reserve Requirement

On November 10, 1972 the Securities and Exchange Commission adopted Rule 15c3-3, under the Securities Exchange Act of 1934, which became effective January 15, 1973. The Rule provides, among other things, that a brokerage concern must compute on a weekly basis the amount, if any, of customer funds held in excess of funds deployed in specific customer related activities and, further, that such amount must be on deposit in a "Special Reserve Bank Account for the Exclusive Benefit of Customers" at all times. The computation is made in accordance with a detailed formula which is provided in the Rule. The Rule also requires a brokerage concern to promptly obtain physical possession or control of all fully-paid securities and excess margin securities carried for the account of customers and requires him to act within designated time frames where possession or control has not been established.

The independent public accountant should review the procedures and controls of the brokerage concern relating to this Rule and perform those tests which he considers necessary to satisfy himself that the procedures and controls in effect provide reasonable assurance of compliance with the Rule.

Report to Be Rendered on SIPC Annual Assessment

The Securities and Exchange Commission, in its Release No. 9766, amended Rule 17a-5 by the addition of paragraph (b) (4), effective October 15, 1972, which requires certain ex-

EXHIBIT B TO BAZAAR AFFIDAVIT - SAMPLE BALANCE SHEET APPEARING IN AUDITS FOR BROKERS AND DEALERS IN SECURITIES

EXHIBIT D, cont'd

Report

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accepted accounting

Accounting Firm

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STANDARD STOCKBROKERAGE CO., INC. AND SUBSIDIARIES
Consolidated Statement of Financial Condition
December 31, 19X2 and 19X1

EXHIBIT E

Cross Reference	Assets	19X2		19X1	
A-1	Cash		$ 2,657,472		$ 2,382,472
2	Cash segregated under Commodity Exchange Act		5,000		10,000
3	Deposits with clearing organizations and others		745,000		700,000
4	Receivable from brokers and dealers (Note 12)		25,476,250		24,476,250
5	Receivable from customers* (Note 13)		49,628,723		44,877,050
6 & 7	Securities owned† (Note 1):				
	At market value:				
	Obligations of the U. S. Government	$ 490,000		$ 624,763	
	State and municipal obligations	518,060		575,490	
	Corporate bonds	6,900,000		6,638,213	
	Stocks	11,930,327		10,091,806	
	Warrants	900,000		748,115	
		20,738,387		18,678,387	
8	Securities not readily marketable, at estimated fair value; (cost, $8,000,000)	8,230,685		8,230,685	
			28,969,072		26,909,072
8	Other investments not readily marketable, at estimated fair value; (cost, $525,000)		500,000		500,000
9	Securities borrowed under subordination agreements, at market value		6,281,725		5,181,725
10	Secured demand notes collateralized by marketable securities		3,215,773		3,215,773
12	Memberships in exchanges:				
	Owned by the Company, at cost (market value: 19X2, $2,000,000; 19X1, $2,200,000)		2,100,000		2,100,000
13	Contributed for the use of the Company, at market value		375,000		400,000
14	Furniture, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization: 19X2, $1,425,249; 19X1, $840,249 (Note 1)		4,881,769		4,353,769
15	Other assets		723,459		640,123
			$125,559,243		$115,746,234

Continued

EXHIBIT E, cont'd

STANDARD STOCKBROKERAGE CO., INC. AND SUBSIDIARIES
Consolidated Statement of Financial Condition, continued
December 31, 19X2 and 19X1

Cross eference	Liabilities and Stockholders' Equity	19X2		19X1	
L-1	Short-term bank loans (Note 2)		$ 29,000,000		$ 29,800,000
2	Payable to brokers and dealers (Note 12)		26,029,243		24,964,043
3	Payable to customers (including $5,887,771 (19X2) and $2,921,000 (19X1) of free credit balances)		12,288,629		10,486,956
4	Market value of securities sold, but not yet purchased		1,862,729		1,962,729
5	Accrued income taxes, including taxes deferred to future periods: 19X2, $1,200,000, 19X1, $775,000 (Note 3)		2,276,473		2,478,329
6	Accounts payable and accrued expenses†		1,238,227		534,650
7	Notes payable (Note 4)		2,000,000		2,250,000
8	Other liabilities		836,272		671,790
			75,531,573		73,148,497
	Liabilities subordinated to claims of general creditors (Note 5):				
9	Market value of securities and cash of $400,000	$ 6,681,725		$ 5,581,725	
10	Pursuant to secured demand note collateral agreements	3,215,773		3,215,773	
11	Market value of exchange memberships contributed for the use of the Company	375,000	10,272,498	400,000	9,197,498
	Minority interest in consolidated subsidiary		28,000		26,000
	Commitments and contingent liabilities (Note 9)				
	Stockholders' equity (Note 6 and 8):				
12	$5 cumulative preferred stock of $100 par value per share; redeemable at $105 per share plus accrued dividends. Authorized 100,000 shares; issued and outstanding 50,000 shares	5,000,000		5,000,000	
13	Common stock without par value. Authorized 2,500,000 shares; issued 1,500,000 shares	6,289,000		6,289,000	
14	Additional paid-in capital	2,200,000		2,200,000	
15	Retained earnings (Note 10)	27,438,172		21,083,239	
		40,927,172		34,572,239	
16	Less, Common stock in treasury, 19X2, 199,100 shares; 19X1, 199,000 shares, at cost	1,200,000	39,727,172	1,198,000	33,374,239
			$125,559.243		$115,746,234

The accompanying notes are an integral part of this financial statement.

*Valuation reserves should be shown parenthetically, if material.

†Includes adjustment for joint trading accounts—see explanation of cross reference (c), in Exhibit B, Part I.

Cross references are to account balances as shown in Answers to Financial Questionnaire.

AFFIDAVIT OF ROBERT M. BISHOP, FOR TRUSTEE, IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x
In the Matter :
:
of : 73 Civ. 2332
:
WEIS SECURITIES, INC., : AFFIDAVIT
Debtor. :
- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

ROBERT M. BISHOP, being duly sworn, deposes and says:

1. I am a Senior Vice President of The New York Stock Exchange, Inc. (the "Exchange") in charge of its Regulation and Surveillance Group. In such capacity, I am fully familiar with Rule 325 (relating to capital requirements of member firms) and the procedures of the Exchange, as set forth in Rule 325, in approving both prospective holders of secured demand notes and/or subordinated lenders to member firms and the form of agreement pursuant to which subordinated capital is contributed.

2. I make this affidavit in support of the Trustee's motion for summary judgment regarding the claims of certain subordinated lenders of Weis Securities, Inc. (the "Debtor"). Set forth below is an explanation of the procedures utilized by the Exchange in approving the acquisition of subordinated capital for member firms for use as capital under Exchange Rule 325, particularly as such procedures related to subordinated lenders of the Debtor.

3. In order that subordinated property could be included in the computation of net capital of a member firm under Rule 325, the following procedure was followed:

(i) Under cover of an application of the member firm the prospective lender submitted an "Allied Member" or "Subordinated Lender" Application form on which (a) it was stated that the signatory applies for the approval of the Board of Governors of the Exchange to be a surbordinated lender and (b) pertinent personal and financial information was provided;

(ii) together with the prospective lender's application, a signed copy of the subordination agreement was submitted to the Exchange with an opinion of counsel to the member firm which stated, among other things, that such agreement was binding and enforceable in accordance with its terms upon the lender and his legal representatives, successors and assigns;

(iii) if an investigation by the Exchange found the prospective lender to be an acceptable person, the Board of Governors would have approved the prospective subordinated lender;

(iv) the proposed subordination agreement was reviewed and, if acceptable, was approved by the Regulation and Surveillance Group;

(v) the member firm was notified that the Board of Governors approved the prospective lender as a subordinated capital contributor to such firm and that the form of subordination agreement was approved; and

(vi) a copy of the subordination agreement between the lender and the member firm was retained in the files of the Exchange.

4. These procedures were followed in the case of each and every one of the subordinated lenders of the Debtor listed on Exhibit A annexed to the Affidavit of James W. Giddens, sworn to December 10, 1974. Each of these lenders was approved by the Board of Governors of the Exchange and the subordination agreements of each was approved by, and were filed with, the Regulation and Surveillance Group of the Exchange.

5. Since the above referred to subordinated loans were approved by the Exchange, such loans properly were treated as "net capital" for purposes of computing net capital under Rule 325 of the Exchange.

Robert M. Bishop

Sworn to before me this

day of December, 1974

Notary Public

SEYMOUR SWIDLER
Notary Public, State of New York
No. 03-4525118
Qualified in [illegible] County
Commission Expires March 30, 19

LETTER DATED JANUARY 14, 1975 FROM JACOB H. STILLMAN, ASSISTANT GENERAL COUNSEL, SECURITIES AND EXCHANGE COMMISSION, TO HONORABLE ROY BABITT, BANKRUPTCY JUDGE

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF THE
GENERAL COUNSEL

January 14, 1975

Honorable Roy Babitt
Bankruptcy Judge
U. S. Courthouse
Foley Square
New York, New York 10007

Re: In the Matter of Weis Securities, Inc., Debtor,
73 Civ. 2332

Dear Judge Babitt:

The present SIPC liquidation proceeding involving Weis Securities was originally combined, under the above docket number, with an enforcement action brought by the Securities and Exchange Commission, as provided by Section 5(a)(3)(A) of the Securities Investor Protection Act, 15 U.S.C. 78eee(a)(3)(A). Although the Commission has not taken an active role in the SIPC liquidation proceeding, the Commission desires to submit its views on the important question, which has now arisen, as to whether subordinated lenders of a broker-dealer may rescind subordination agreements procured in violation of the antifraud provisions of the federal securities laws. The Commission believes that resolution of this question will have an impact far beyond the instant liquidation; indeed, its resolution may have a profound effect on the Commission's rules relating to the financial responsibility of broker-dealers.

The Commission believes that those subordinated lenders who can prove their fraud claims may rescind their subordination agreements as to the non-customer general creditors of Weis Securities but that, because of policy reasons embodied in the Securities Exchange Act of 1934, they may not rescind as to persons asserting customers' claims (including SIPC as subrogee of customers' claims, and banks and broker-dealers whose claims arise out of transactions for their customers). Under this limited subordination, the payments on these subordinated lenders' claims would initially be computed on a parity with the claims of all general creditors (customer and non-customer), but the pro rata share allocated to the subordinated lenders would then be held for the benefit of customers until all the customers' claims were paid in full.

We understand that the trustee filed his brief on January 3 and that SIPC is scheduled to file its brief on January 15. Due to the press of other work by the attorney primarily responsible for drafting the Commission's brief in this proceeding (he is preparing a brief to be filed in the United States Supreme Court), the Commission will not be able to file a brief in this proceeding until close to the end of January. Because the Commission's brief will follow in many respects the arguments advanced by the trustee and because the subordinated lenders will have almost two weeks before their briefsare due (on February 11), we hope that the filing of our brief near the end of January will be acceptable to you. Accordingly, and in order to establish a definite date, we request permission to file our brief by January 29, 1975.

Sincerely,

Jacob H. Stillman
Assistant General Counsel

cc: Hughes, Hubbard & Reed
Baer & Marks
Rogers & Wells
Hahn, Hessen, Margolis & Ryan
Trachtenberg & Winick
Miller, Singer, Michaelson & Raives
Lipkowitz, Plaut, Salberg & Harris
Patterson, Belknap & Webb
Shea, Gould, Climenko & Kramer
Stroock & Stroock & Lavan
Dickstein, Shapiro & Morin
Jesse Reid Dietz
Dunnington, Bartholow & Miller
Fred F. Herzog, Esquire
Stackpole & Amidon
Theodore H. Focht, Esquire
Milbank, Tweed, Hadley & McCloy

OPPOSING PARTY'S STATEMENT PURSUANT TO GENERAL RULE 9(g), SUBMITTED BY FIDELITY CORPORATION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter :
of : OPPOSING PARTY'S STATEMENT PURSUANT TO GENERAL RULE 9G
WEIS SECURITIES, INC., :
Debtor. : 73 Civ. 2332

- x

Claim of Fidelity Corporation :

- x

FILED
FEB 11 1975
ROY BABITT
BANKRUPTCY JU

Fidelity Corporation submits that there is a genuine triable issue with respect to the following material facts:

1. The customers and general creditors of the Debtor, and The New York Stock Exchange, any or all of them, did not rely to their detriment upon the purported subordination agreement between Fidelity and the Debtor. The Trustee has offered absolutely no competent proof in support of his assumption to the contrary.

2. The purported subordination agreement between Fidelity and the Debtor is void or voidable by reason of the Debtor's fraud and/or by reason of material breach and lack of consideration.

3. Subsequent to the making of the purported subordination agreement between Fidelity and the Debtor, Fidelity and the Debtor entered into a new agreement whereby the Debtor agreed to repay, without subordination to the claims of other creditors of the Debtor, the $1,000,000 that Fidelity loaned the Debtor.

4. Fidelity is not estopped from seeking to rescind the purported subordination agreement nor has it waived its right to do so.

WHEREFORE, Fidelity respectfully requests that the Trustee's motion for summary judgment be denied.

Dated: New York, New York
February 10, 1975

BAER & MARKS
Attorneys for Fidelity
70 Pine Street
New York, New York 10005
(212) 344-1700

ANSWER TO OBJECTIONS TO ALLOWANCE OF CLAIM AS ASSERTED, SUBMITTED BY ARTHUR J. KREIZEL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN THE MATTER OF:

WEIS SECURITIES, INC.,
Debtor.

Claim of Arthur J. Kreizel

73 Civil 2332

ANSWER TO OBJECTION TO ALLOWANCE OF CLAIM AS ASSERTED

FILED
FEB 1[illegible] 1975
ROY BABITT
BANKRUPTCY JU

TO THE HONORABLE ROY BABITT, BANKRUPTCY JUDGE,
SOUTHERN DISTRICT OF NEW YORK:

NOW COMES, ARTHUR J. KREIZEL, of Stowe, Vermont, by and through his Attorney, Thomas J. Amidon, Esq., of the law firm of Stackpole & Amidon, P. O. Box 1016, Stowe, Vermont 05672, and answers the objection of Edward S. Redington, trustee, to the allowance of claim of Arthur J. Kreizel, as follows:

1. Arthur J. Kreizel admits having executed two subordination agreements with the Debtor. However, Arthur J. Kreizel denies that all conditions precedent to the claimants agreements as set forth therein have been performed and further denies that he is bound by the terms of the agreements due to fraud in the inducement by the Debtor and its officers and agents, and continuing fraud thereafter by the Debtor and its officers and agents.

2. Arthur J. Kreizel, claimant, believes that due to the fraud in the inducement and continuing fraud thereafter, these subordination agreements are void at inception and that the law should not act to his detriment or in any way penalize him because of the fraudulent acts on the part of the Debtor and its officers and agents.

3. Arthur J. Kreizel, claimant, is not aware nor has he been apprised of any statute, regulation, or law requiring the return, tender or offer to tender any benefits received by the claimant from the Debtor prior to the discovery and knowledge of the fraudulent acts and misconducts on the part of the Debtor and its officers and agents.

4. Arthur J. Kreizel, claimant, denies that his refusal to date to

tender or offer to tender any benefits received prior to the discovery and knowledge of the fraud on the part of the Debtor and its officers and agents constitutes laches or waiver. Arthur J. Kreizel, claimant, believes that due to the fact that the subordination agreements are void at inception, his position in this bankruptcy matter becomes that of a general creditor, and that to hold otherwise is in contravention of statutes, regulations, and the law regarding such conduct and situations, and that said claim may be proved and granted by the bankruptcy court pursuant to the Bankruptcy Act and the law in general.

WHEREFORE, Arthur J. Kreizel, claimant, prays that his objection to allowance of claim as a subordinated lender be granted, and that Arthur J. Kreizel, claimant, further respectfully prays that his position as a creditor in the matter of Weis Securities, Inc. be amended to that of a general creditor.

DATED at Stowe, Vermont the 10th day of February, 1975.

STACKPOLE & AMIDON

BY:
Thomas J. Amidon, Esq.
P. O. Box 1016
Stowe, Vermont 05672
Attorney for Arthur J. Kreizel

TO:

HUGHES, HUBBARD & REED
1 Wall Street
New York, N. Y. 10005
Attorneys for the Trustee

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Henry Wallace Cohu, John DeBraganca, James J.
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Washington, D.C. 20006

ANSWER TO STATEMENT OF TRUSTEE PURSUANT TO LOCAL RULE 9(g), SUBMITTED BY ARTHUR J. KREIZEL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN THE MATTER OF: "

WEIS SECURITIES, INC., "

Debtor. "

73 Civil 2332

"

ANSWER TO STATEMENT OF TRUSTEE PURSUANT TO LOCAL RULE 9(g)

Claim of Arthur J. Kreizel "

FILED
FEB 13 1975
ROY BABITT

3/12

NOW COMES, ARTHUR J. KREIZEL, claimant, and answers the Statement of the Trustee given pursuant to Rule 9(g) of the general rules and answers the Statement of Facts given by the Trustee in answer to the Trustee's Motion for Summary Judgment as follows:

1. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer paragraph 1 of the Trustee's Statement and therefore denies same.

2. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer paragraph 2 of the Trustee's Statement and therefore denies same.

3. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer paragraph 3 of the Trustee's Statement and therefore denies same.

4. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer paragraph 4 of the Trustee's Statement and therefore denies same.

5. Arthur J. Kreizel, claimant, admits executing two subordination agreements, each in the principal amount of $100,000.00 as set forth more specifically in his original claim in this particular matter.

6. Arthur J. Kreizel, claimant, admits that the two subordination agreements executed by himself with Weis Securities, Inc. contained the provisions as set forth in paragraph 6 of the Trustee's Statement given pursuant to Rule 9(g) or in substantial conformation of the provisions as cited in the aforementioned paragraph 6. However, Arthur J. Kreizel, claimant, reiterates his position that fraud in the inducement on the part of the Debtor and its

officers and agents, and continuing fraud after the execution by the claimant of the Debtor's subordination agreements by the Debtors, officers and agents void the subordination agreements and preclude the Debtor or others from citing and enforcing said agreements pursuant to the terms thereof. The claimant further states that to allow a decision otherwise is detrimental and in contravention of the statutes, regulations and the law regarding such situations.

7. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer the Statement of the Trustee as set forth in paragraph 7 of his statement given pursuant to Rule [illegible]).

8. Arthur J. Kreizel, claimant, denies that his subordination agreements, each in the principal amount of $100,000.00, had not been terminated prior to the filing date. Arthur J. Kreizel, claimant, contacted the Debtor by phone and by letter, a copy of said letter being available upon request, notifying the Debtor that he wished to terminate the subordination agreements in accordance with the terms thereof, said notification to the Debtor by phone and by letter having been given to the Debtor by the claimant prior to the filing date of this cause of action.

9. Arthur J. Kreizel, claimant, admits, that to the best of his knowledge, facts stated in paragraph 9 of the Statement of the Trustee are correct.

10. Arthur J. Kreizel, claimant, is without sufficient information or knowledge to answer paragraph 10 of the Trustee's Statement pursuant to Rule 9(g).

11. Arthur J. Kreizel, claimant, denies that he, as claimant and lender, did not rescind or attempt to rescind the subordination agreements which he entered into with the Debtor prior to the filing date hereof. As noted in paragraph 8 hereinbefore, Arthur J. Kreizel, claimant notified the Debtor and its officers and agents, including one Ronald Levick, Executive Vice President of Weis Securities, Inc., by phone and by letter, a copy of said letter being available upon request, to rescind and terminate his subordination agreements prior to the filing date of this cause of action in the Bankruptcy Court for the United States District Court, Southern District of New York.

12. Arthur J. Kreizel, claimant, is without knowledge as to any particular statute, regulation, or law requiring the tendering or offer to tender of any benefits received by the claimant from the Debtor prior to the filing date hereof, or knowledge and discovery of fraud on the part of the Debtor and its officers and agents.

13. Arthur J. Kreizel, claimant, further reiterates his position that due to the fraud on the part of the Debtor and its officers and agents, and his notification to the Debtor to terminate his agreements, that he be considered and his claim be treated as a general creditor in this matter.

WHEREFORE, Arthur J. Kreizel, claimant, respectfully requests this Honorable Court deny the Trustee's Motion for Summary Judgement and prays that his Objection to Allowance of Claim as a Subordinated Lender be granted, and further prays that his position be amended in this matter to that of a general creditor.

DATED at Stowe, Vermont, this 10th day of February, 1975.

STACKPOLE & AMIDON

BY: ______________________
Thomas J. Amidon, Esq.
P. O. Box 1016
Stowe, Vermont 05672
Attorney for Arthur J. Kreizel

TO:

HUGHES, HUBBARD & REED
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Henry Wallace Cohu, John DeBraganca, James J.
Higginson, Phillip Holden, Grace Cutting McGrath,
Grace M. McGrath, Craig Mitchell, Eugene M. Stetson, Jr.,
and Jean Winslow

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Special Counsel
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Washington, D.C. 20549

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Suite 800, Famagut Building
900 Seventeenth Street, N.W.
Washington, D.C. 20006

STATEMENT PURSUANT TO GENERAL RULE 9(g), SUBMITTED ON BEHALF OF CLAIMANTS GEORGE ALDRICH, ET AL.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

- x

73 Civ. 2322

FILED
FEB 1 [illegible] 1975
ROY BABITT
ANKRUPTCY JU

STATEMENT OF MATERIAL FACTS AS TO WHICH THERE IS A GENUINE ISSUE

Pursuant to Rule 9(g) of the General Rules of this Court, claimants George Aldrich, et al., (hereinafter "claimants") by their undersigned attorneys, Dickstein, Shapiro and Morin, submit this statement of facts material to the motion for summary judgment as to which there is a genuine issue to be tried:

1. There was no agreement between the claimants and the New York Stock Exchange (hereinafter the "Exchange").

2. The Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with Exchange and Securities and Exchange Commission rules, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or the statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms.

3. The specific circumstances under which the subordinated loan agreements between claimants and Weis Securities, Inc., (hereinafter "Weis") were submitted to the Exchange for its approval comported with the aforesaid purposes.

4. The circumstances under which the subordinated loan agreement between claimants and Weis were submitted to the Exchange for its approval (a) did not make the Exchange a party to that agreement, (b) did not create beneficiary rights as to third parties, and (c) did not estop claimants from seeking recission of such agreements for fraud in the inducement and violation of Federal Securities Acts and regulations enacted thereunder.

5. Claimants were induced to enter into the aforesaid subordinated loan agreements by fraudulent misrepresentations. [The Trustee concedes the truth of this statement for purposes of this motion.]

6. The Exchange was derelict in its duties of supervision over Weis to the prejudice and damage of claimants and others.

7. The subordinated loan agreements between claimants and Weis were "securities" and/or "investment contracts" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934.

8. In issuing the said subordinated loan agreements and inducing claimants to enter into them, Weis acted in violation of the aforesaid Acts and the regulations of the Securities and Exchange Commission enacted thereunder, including Sections 5 and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Commission Rule 10b-5.

9. Customers of Weis did not rely on the existence of the aforesaid subordinated loan agreements in dealing with Weis.

10. Creditors of Weis did not rely on the existence of the aforesaid subordinated loan agreements in dealing with Weis.

11. Had Weis not issued fraudulent financial statements and had the Exchange not been derelict in its duties of supervision over Weis, Weis would not have been permitted to engage in the securities business after May 1972.

12. Any customers or other creditors of Weis who suffered or who may suffer loss for any obligation incurred to them by Weis after May 1972, were caused to sustain such loss by reason of the action and/or inaction of Weis and the Exchange and not by reason of claimants' failures to perform any duty owing by them to said customers or other creditors.

13. Claimants did not learn that the financial information and other representations that had been made to them in inducing them to enter into the aforesaid subordination agreements were untrue, inaccurate and incomplete until in or about May, 1974, when such facts were disclosed by the Securities and Exchange Commission in instituting suit against Weis and officers of Weis and in seeking the appointment of a trustee under applicable provisions of the Securities Investor Protection Act of 1970. Claimants made a timely act of rescission after they were so informed.

DATED: February 14, 1975

DICKSTEIN, SHAPIRO & MORIN

By:
Sidney Dickstein
A Member of the Firm
1735 New York Avenue, N.W.
Washington, D.C. 20006
(202) 785-9700
Attorneys for Claimants
Aldrich, et al.

AFFIDAVIT OF JAMES J. HIGGINSON, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2322

- x

AFFIDAVIT

State of New York)
) ss
County of New York)

James J. Higginson, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Sworn to before me this
13th day of February, 1975.

James J. Higginson

Francis A. Wendell
Notary Public

FRANCIS A. WENDELL
[illegible] State of New York
[illegible]4222813
[illegible] York County
[illegible] Expires March 30, 1975

FRANCIS A. WENDELL
Notary Public, State of New York
No. 31-4222813
Qualified in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF JEAN M. WINSLOW, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

- - - - - - - - - - - - - - - - - - - x

73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

Jean M. Winslow, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did she seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that she was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which she made her decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Jean M. Winslow

Sworn to before me this
13th day of February, 1975.

Francis A. Wendell
Notary Public
FRANCIS A. WENDELL
Notary Public, State of New York
[illegible]222813
Qualified in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF SAMUEL WINSLOW, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter

of

WEIS SECURITIES, INC.,

Debtor.

73 Civ. 2322

- x

AFFIDAVIT

State of New York)
) ss
County of New York)

Samuel Winslow, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Sworn to before me this
13th day of February, 1975.

Samuel Winslow

Francis A. Wendell
Notary Public

FRANCIS A. WENDELL
Notary Public, State of New York
No. 31-4222813
Qualified in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF H. WALLACE COHU, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.	:	73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

H. Wallace Cohu, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

H. Wallace Cohu
H. Wallace Cohu

Sworn to before me this
[illegible] day of February, 1975.

Francis A. Wendell
Notary Public

FRANCIS A. WENDELL
Notary Public, State of New York
[illegible]222313
Qualified in New York County
Commission Expires March 30, 1975

STATEMENT PURSUANT TO GENERAL RULE 9(g) SUBMITTED BY WILLIAM J. SCOTT, ATTORNEY GENERAL OF THE STATE OF ILLINOIS, ON BEHALF OF EVA GROSSMAN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - x
In the Matter
of
WEIS SECURITIES, INC., 73 Civ. 2332
Debtor.
- - - - - - - - - - - - - - - - - - x

FILED
FEB 20 1975
BY BABITT

STATEMENT OF MATERIAL FACTS AS TO WHICH THERE IS A GENUINE ISSUE.

Pursuant to Rule 9(g) of the Local Rules of this Court, William J. Scott, Attorney General of the State of Illinois, ex rel. EVA GROSSMANN, submits the following statement of facts material to the motion for summary judgment as to which there is a genuine issue of facts to be tried:

1. The circumstances under which Mrs. Eva Grossmann was induced to invest her life savings in the sum of Twenty Thousand Dollars ($20,000) in subordinated debentures of Weis, Voisin & Cannon, and the manner in which the transaction was executed, including the application supposedly filed by Mrs. Grossmann with the New York Stock Exchange.

2. The automatic renewal of the debentures by Weis, Voisin & Cannon, without any notification of Mrs. Grossmann.

3. The absence of delivery to Mrs. Grossmann of the $5,000 debenture.

4. The taking over of Weis, Voisin & Cannon by Weis Securities, Inc., without any notification of Mrs. Grossmann.

5. The failure of the New York Stock Exchange to

properly supervise and control Weis, Voisin & Cannon and Weis Securities, Inc.

6. The time when Mrs. Grossmann learned of the bankruptcy of Weis, Voisin & Cannon and Weis Securities, Inc.

DATED: February 21, 1975

WILLIAM J. SCOTT
Attorney General
of the State of Illinois
ex rel. Eva Grossmann

By: Fred F. Herzog
Fred F. Herzog
First Assistant Attorney General
160 North LaSalle Street - Suite 800
Chicago, Illinois 60601
(312) 793-2457

A-336

AFFIDAVIT OF EVA GROSSMAN, A CLAIMANT, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

AFFIDAVIT OF EVA GROSSMANN

EVA GROSSMANN, of 5650 North Sheridan Road, Chicago, Illinois 60660, after having been duly sworn, upon oath, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of affiant's claim herein.

2. I was born in Cluj, Romania, on July 29, 1922. After having attended the grammar and high schools in Cluj, Romania, I was taken by the Nazis in 1943 to the infamous concentration camp in Auschwitz as slave laborer. I remained in that camp until September, 1943, when I was transported as slave laborer to a camp in Czechoslovakia, where I worked in a German munitions factory. I was freed in June, 1944, by the advancing Russian army. Having returned to Romania, I married in October, 1947, Ernest Grossmann.

3. After my husband and I had left Romania, we emigrated to the United States in 1950. Shortly after my arrival in Chicago I obtained a job as a fitter in the Charles A. Stevens Department Store in Chicago, Illinois. With the exception of two years I have worked continuously on the same job from that time on, and I am still presently employed as a fitter at Charles A. Stevens.

4. My husband, who had worked as a bookkeeper in Chicago, passed away in March of 1967. We both had accumulated savings in the amount of $15,000. After his death I re-

ceived, in addition thereto, $5,000 from a life insurance policy which my husband had taken out for my benefit.

5. One of the customers of the Charles A. Stevens store, whom I regularly fitted, was Mrs. Leo Meiselman. She was aware of the fact that my husband had passed away and during one of the fittings she told me that her husband, who was an official of the Weis, Voisin & Cannon brokerage firm in Chicago, had invested successfully funds for several widows and had helped out other people in their investment problems. She suggested that I get in touch with him. I did so, and told him that I had a total of $20,000 available for investment purposes, which constituted mine and my husband's life savings. He in turn advised me that I invest first $15,000 and, later on, an additional $5,000, in securities of Weis, Voisin & Cannon. He explained to me that this investment was like a loan to the company. He did not mention anything of "subordinated debentures". Even if he had mentioned that term to me, I wouldn't have understood it, since I didn't know and still don't know what it meant, and what its real significance is. I thought at the time of the investment that these debentures were really nothing else but shares of stock in Weis, Voisin & Cannon, and that I owned stock in the company. I have no knowledge whatsoever of finances or of the stock market, and am not familiar with any financial terms.

6. At the time when Mr. Meiselman asked me to invest my savings in the debentures he told me that this would be the best investment for me, since it would pay the highest interest. I relied and acted solely upon his advice and trusted him completely, since he was the expert in a field of which I had no

knowledge whatsoever. At the time of the investment he also asked me to make out an application and to show him proof of my citizenship. I don't know and did not ask him to whom and for what purpose the application had to be made out; I simply followed his instructions. I cannot recall today whether he made out the application upon information which I gave him or whether I made it out myself. Upon his prodding, I or he wrote down on the application that my financial worth was $30,000, which included the value of my furniture, some money in a checking account for living expenses, some government bonds, and some pieces of jewelry.

7. The debentures in which I had invested my $20,000 were supposedly automatically renewed; however, to my knowledge, I never received a renewal notice. I also never received a certificate for the additional $5,000 debenture, which I had bought after the purchase of the $15,000 debenture, again upon the advice of Mr. Meiselman. I received quarterly checks, first in the amount of 8%, and later in the amount of 9% as interest on the debentures.

8. In 1971, I learned that Mr. Meiselman had left Weis, Voisin & Cannon and, later on, that Weis Securities had taken over the firm of Weis, Voisin & Cannon; I never received any notification of that fact.

9. In 1972, when I once did not receive my quarterly check, I contacted Weis, Voisin & Cannon in Chicago, and was told that a Mr. Raike (I don't know the exact spelling) had taken over Mr. Meiselman's account and that no proof of my debentures could be found on the firm's records in Chicago. How-

ever, afterwards I received a phone call from Mr. Raike and he told me that matter was straightened out; I then received my interest checks again.

10. As previously indicated, I never received any notification of a renewal of the debentures or of the take-over of Weis, Voisin & Cannon by Weis Securities. As I recall, I learned of the bankruptcy of Weis, Voisin & Cannon or Weis Securities through the newspapers in May or June, 1973.

SUBSCRIBED AND SWORN TO
before me this ______ day of
February, 1975.

Notary Public

STATEMENT PURSUANT TO GENERAL RULE 9(g) SUBMITTED BY CHEMICAL BANK, SUCCESSOR OF SECURITY NATIONAL BANK

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
------------------------------------ x

in the Matter of WEIS SECURITIES, INC., Debtor.

73 Civ. 2322

------------------------------------ x

CLAIMS OF GEORGE D. ALDRICH, et al.

------------------------------------ x

STATEMENT OF MATERIAL FACTS AS TO WHICH THERE IS A GENUINE ISSUE

Pursuant to Rule 9(g) of the General Rules of this Court, claimant CHEMICAL BANK, successor of SECURITY NATIONAL BANK (hereinafter "claimant"), by its undersigned attorneys, ZALKIN, RODIN & GOODMAN, submits this statement of facts material to the motion for summary judgment as to which there is a genuine issue to be tried.

1. There was no agreement between the claimant and the New York Stock Exchange (hereinafter the "Exchange").

2. The Exchange's purpose in requiring that subordination agreements be submitted to it for approval were (a) to determine whether such agreements complied in form and content with Exchange and Securities and Exchange Commission rules, (b) to assure that the member firm in entering into the subordination agreement was in compliance with the registration provisions of the Securities Act of 1933 or the statutory exceptions thereto, and (c) to

inform itself with respect to the identity and personal and business background of those who made subordinated loans of funds and/or securities to member firms.

3. The specific circumstances under which the subordinated loan agreements between claimant and Weis Securities, Inc. ("Weis") were submitted to the Exchange for its approval conformed to said purpose.

4. The circumstances under which the subordinated loan agreements between claimant and Weis were submitted to the Exchange for its approval (a) did not make the Exchange a party to that agreement, (b) did not create third party beneficiary rights, and (c) did not estop claimant from seeking rescission of such agreements for fraudulent misrepresentations in the inducement and violation of the anti-fraud provisions of Federal Securities Acts and regulations enacted thereunder.

5. Claimant was induced to enter into the aforesaid subordinated loan agreements by fraudulent misrepresentations. [The Trustee concedes the truth of this statement for purposes of this motion.]

6. The Exchange was derelict in its duties of supervision over Weis to the prejudice and damage of claimant and others.

7. The subordinated loan agreements between claimants and Weis were "securities" and/or "investment

contracts" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934.

8. In issuing the said subordinated loan agreements and inducing claimant to enter into them, Weis acted in violation of the aforesaid Acts and the regulations of the Securities and Exchange Commission enacted hereunder, including Sections 5 and 17(a) of the Securities Act of [illegible]33, Section 10(b) of the Securities Exchange Act [illegible] and Commission Rule 10b-5.

9. Customers and creditors of Weis did not rely on the existence of the aforesaid subordinated loan agreements in dealing with Weis. No proof to that effect is contained in the motion papers. Reliance is an element of estoppel.

10. Had Weis not issued fraudulent financial statements and had the Exchange not been derelict in its duties of supervision over Weis, Weis would not have been permitted to engage in the securities business after June 1971.

11. Any customers or other creditors of Weis who suffered or who may suffer loss for any obligation incurred to them by Weis after June 1971, were caused to sustain such loss by reason of the action and/or inaction of Weis and the Exchange and not by reason of claimant's failures to perform any duty owing by them to said customers or other creditors.

12. Claimant did not learn that the financial information and other representations that had been made to them in inducing them to enter into the aforesaid subordination agreements were untrue, inaccurate and incomplete until in or about May, 1974, when such facts were disclosed by the Securities and Exchange Commission in instituting suit against Weis and officers of Weis and in seeking the appointment of a trustee under applicable provisions of the Securities Investor Protection Act of 1970. Claimant thereafter made timely rescission of the subordination agreements affecting it, or is entitled to damages for fraud.

DATED: New York, New York
February 28, 1975.

ZALKIN, RODIN & GOODMAN

By: ______________________
Leonard Zalkin
A Member of the Firm
Attorneys for Claimant
CHEMICAL BANK, successor of
Security National Bank
750 Third Avenue
New York, N.Y. 10017
212-682-6900

AFFIDAVIT OF LEONARD ZALKIN, ESQ., FOR CLAIMANT CHEMICAL BANK, IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
-------------------------------------x

In the Matter

of

WEIS SECURITIES, INC.,

Debtor.

-------------------------------------x

CLAIMS OF GEORGE D. ALDRICH, et al.

-------------------------------------x

73 Civ. 2322

FILED
MAR 3 1975
ROY BABITT
ANKRUPTCY JU

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

LEONARD ZALKIN, being duly sworn, deposes and says:

I am a partner of ZALKIN, RODIN & GOODMAN, the attorneys for CHEMICAL BANK, which recently acquired the assets of Security National Bank ("SNB"), and is its successor, particularly in respect of the claims of SNB which are the subject of the Trustee's motion for summary judgment, and make this affidavit in opposition to that motion.

Incorporated herein by reference in opposition to the Trustee's motion is the notice dated June 28, 1974 of objections of SNB to the application by the Trustee to confirm his position with respect to subordinated lenders, and the affidavit of Roberta S. Karmel, Esq. of Rogers & Wells, Esqs., sworn to June 28, 1972 [sic] (1974) in support thereof, which sets forth the basis of the objections to the Trustee's application and the facts in support of the position of SNB (now Chemical Bank).

The notice of objections and affidavit and the facts in support thereof show that SNB, as well as other subordinated lenders, was fraudulently induced by Weis Securities, Inc. ("Weis") to make purportedly subordinated loans to Weis through the use and device of false and misleading financial statements and other fraudulent misrepresentations and omissions, which constitute both common law fraud and violations of the anti-fraud provisions of the Federal Securities Acts and the Regulations promulgated thereunder, thus entitling SNB (now Chemical Bank) to rescind the subordination agreements, or to obtain damages for fraud.

As shown beginning on page 3 of the Karmel affidavit under "Factual Background", on November 26, 1971, SNB made a $1,000,000 purportedly subordinated loan to Weis, payable November 26, 1972, and in June 1972, SNB made a second purportedly subordinated $1,000,000 loan to Weis on substantially the same terms as the earlier loan. The facts concerning Weis' false and misleading representations, particularly concerning its financial condition and other fraudulent misrepresentations and omissions, are set forth at length in the following portions of the Karmel affidavit and need not be repeated here.

WHEREFORE, I respectfully pray that the Trustee's motion for summary judgment be denied, because genuine issues of fact, (at least insofar as Chemical Bank as successor of SNB is concerned), exist and require a trial.

Leonard Zalkin

Sworn to before me this
28th day of February 1975.

WILLIAM LINDEN
Notary Public State of New York
No. 31-2367050
Qualified in New York County
Commission Expires March 30, 1975

ADDITIONAL AFFIDAVITS IN OPPOSITION TO TRUSTEE'S MOTION FOR SUMMARY JUDGMENT:

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.	73 Civ. 2322

FILED
MAR 10 1975
ROY BABITT
BANKRUPTCY JUDGE

ADDITIONAL AFFIDAVITS OF
CLAIMANTS GEORGE D. ALDRICH, ET AL.
IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

AFFIDAVIT OF CLAIMANT GEORGE D. ALDRICH

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.

73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

George Aldrich, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, *inter alia*, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Sworn to before me this
21st day of February, 1975.

George Aldrich

Notary Public

AFFIDAVIT OF CLAIMANT GRACE CUTTING McGRATH

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter

of

WEIS SECURITIES, INC.,

Debtor.

- x

73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

Grace Cutting McGrath, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did she seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that she was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which she made her decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Grace Cutting McGrath
Grace Cutting McGrath

Sworn to before me this
14 day of February, 1975.

Francis A. Wendell
Notary Public

FRANCIS A. WENDELL
Notary Public, State of New York
No. 31-4222813
Qualified in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF CLAIMANT EUGENE W. STETSON, JR.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2322

- - - - - - - - - - - - - - - - - - - x

AFFIDAVIT

State of New York)
) ss
County of New York)

Eugene W. Stetson, Jr., being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Eugene W. Stetson, Jr.

Eugene W. Stetson, Jr.

Sworn to before me this
21 day of February, 1975.

Notary Public

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1978
Bonded by American Fire & Casualty Co.

AFFIDAVIT OF CLAIMANT JOHN DeBRAGANCA

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter

of

WEIS SECURITIES, INC.,

Debtor.

- x

73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

John DeBraganca, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Sworn to before me this
19 day of February, 1975.

John DeBraganca

Notary Public

VINCENT DUNI
Notary Public, State of New York
No. 41-4505738
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF CLAIMANT CRAIG K. MITCHELL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2322

- x

AFFIDAVIT

State of New York)
) ss
County of New York)

Craig K. Mitchell, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that he was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Craig K. Mitchell

Sworn to before me this
___ day of February, 1975.

Francis A. Wendell
Notary Public
FRANCIS A. WENDELL
Notary Public, State of New York
No. 31-4222813
Qualified in New York County
Commission Expires March 30, 1975

AFFIDAVIT OF CLAIMANT GRACE M. McGRATH

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- x
In the Matter :
of : 73 Civ. 2322
WEIS SECURITIES, INC., :
Debtor. :
- x

AFFIDAVIT

State of New York)
) ss
County of New York)

Grace M. McGrath, being duly sworn, deposes and says:

1. This affidavit is submitted in opposition to the Trustee's motion for summary judgment and in support of deponent's claims herein.

2. Following a succession of events which are not material to the instant motion, deponent became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by deponent and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deponent did not at any time enter into, nor did she seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with

the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which deponent entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement deponent relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deponent had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which deponent relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that she was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, deponent was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but deponent did not accept the risk that the financial information on which she made her decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had deponent been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent deponent would not have entered into the said subordinated loan agreement.

Grace M. McGrath

Grace M. McGrath

Sworn to before me this
14 day of February, 1975.

Francis A. Wendell

Notary Public

FRANCIS A. WENDELL
Notary Public, State of New York
No. 31-4222813
Qualified In New York County
Commission Expires March 30, 1976

AFFIDAVIT OF CLAIMANT MICHAEL H. HOLDEN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of WEIS SECURITIES, INC., Debtor.	73 Civ. 2322

AFFIDAVIT

State of New York)
) ss
County of New York)

Michael H. Holden, being duly sworn, deposes and says:

1. I am the Executor of the estate of Philip D. Holden, deceased (hereinafter the "Deceased") and submitted this affidavit in opposition to the Trustee's motion for summary judgment and in support of the claims herein of the estate of Philip D. Holden. This affidavit is made on information and belief.

2. Following a succession of events which are not material to the instant motion, Deceased became a lender of securities and/or funds to Weis Securities, Inc. (hereinafter "Weis") pursuant to a subordinated loan agreement made in August, 1972, by Deceased and Weis, which agreement was approved by the New York Stock Exchange at Weis's instance and request. Deceased did not at any time enter into, nor did he seek to enter into, any agreement with the New York Stock Exchange.

3. Deponent has been informed and believes that the Exchange's purposes in requiring that subordination agreements be submitted to it for approval are (a) to determine whether such agreements are in a form which complies with the rules of the Exchange and Securities and Exchange Commission, (b) to assure that the member firm in entering into the subordination agreement is in compliance with the registration provisions of the Securities Act of 1933 or statutory exceptions thereto, and (c) to inform itself with respect to the identity and personal and business background of those who make subordinated loans of funds and/or securities to member firms. All of the facts with respect to the Exchange's general purposes in requiring that subordinated loan agreements be submitted to it for approval and the particulars with respect to the submission for approval of the subordinated loan agreement which Deceased entered with Weis are not within deponent's personal knowledge. They can only be ascertained through depositions of Weis, its officers and employees and officers and employees of the New York Stock Exchange and by examination of documents in their custody or in the custody of the Trustee.

4. In entering into the aforesaid subordinated loan agreement Deceased relied on the fact that Weis was a member firm of the New York Stock Exchange and was subject to the rules and supervision of the Exchange, and particularly its supervision with respect to Weis's financial statements and financial condition.

5. Deceased had no reason to believe when apprised of Weis's financial condition that the statements and representations with respect thereto were not true, accurate and complete and in all respects and in compliance with applicable rules of the New York Stock Exchange and generally accepted accounting principles.

6. On May 25, 1973, the Securities and Exchange Commission filed with this Court an affidavit by its Senior Examiner disclosing, inter alia, that the financial information upon which Deceased relied in entering into the aforesaid subordination agreement was false, inaccurate and incomplete and inflated Weis's current earnings and net worth by approximately $2,000,000. Deponent has concluded that Deceased was induced by fraud to enter said subordination agreement. For purposes of this motion, the Trustee has conceded that proposition.

7. As a subordinated lender, Deceased was willing to subject the funds and/or securities which were the subject of the subordinated loan agreement to business risks, but Deceased did not accept the risk that the financial information on which he made his decision to enter into the subordinated loan agreement was false, inaccurate, incomplete and fraudulent or that the New York Stock Exchange had inadequately supervised Weis with respect to its financial statements and condition. Had Deceased been aware of the fact that the aforesaid financial information was false, inaccurate, incomplete and fraudulent Deceased would not have entered into the said subordinated loan agreement.

Sworn to before me this
21st day of February, 1975.

Michael H. Holden, Executor of
the estate of Philip H. Holden

John W. Shroyer
Notary Public
JOHN W. SHROYER
NOTARY PUBLIC, State of New York
No. 31-8380435
Qualified in New York County
Commission Expires March 30, 1976

STATEMENT PURSUANT TO LOCAL RULE 9(g) FILED ON BEHALF OF CLAIMANTS ALL AMERICAN LIFE & CASUALTY CO., GENERAL UNITED LIFE INSURANCE CO., AND ROBERT E. SLATER

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---------------------------------X

In the Matter ot

WEIS SECURITIES, INC., : 73 Civ. 2332

Debtor. : STATEMENT PURSUANT TO LOCAL RULE 9(g)

---------------------------------X

Claims of GEORGE D. ALDRICH, et al.

---------------------------------X

FILED
NOV 10 1975
ROY BABITT
BANKRUPTCY JUD

Pursuant to Rule 9(g) of the General Rules of this Court, Claimants All American Life & Casualty Company, General United Life Insurance Company and Robert E. Slater ("Claimants"), by their attorneys, submit this statement of material facts as to which there exist genuine issues to be tried:*

1. The advance made to Weis Securities, Inc., formerly Weis, Voisin & Co., Inc. ("Weis"), on behalf of Robert E. Slater was improperly and fraudulently made in violation of a specific condition to the transaction.

2. Claimants' promises were not made to the New York Stock Exchange, Inc. ("NYSE").

3. Claimants did not enter into contracts with the NYSE.

4. Customers and other creditors of Weis did not rely upon purported subordination agreements signed by Claimants.

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* Because the Trustee has conceded that Claimants were in fact defrauded in the inducement by Weis, there are apparently no issues of fact as to the fraud or as to the fact that Claimants would in ordinary circumstances have the right to rescind.

5. Customers and creditors of Weis did not rely on the NYSE's net capital rules.

6. None of the facts stated in the Trustee's objections to Claimants' claims estop Claimants from rescission.

7. Claimants were not estopped from rescinding.

8. There were no third party beneficiaries of the agreements executed by Claimants and Weis.

9. The NYSE and the Securities and Exchange Commission failed to monitor Weis' compliance with the applicable net capital rules and other regulations.

10. The NYSE's active solicitation of capital for Weis, misconduct and failure to supervise and regulate Weis bar it from enforcing any purported promise of Claimants.

11. Any customers or creditors of Weis who have sustained or will sustain loss for any obligation of Weis were caused to sustain such loss by the action or inaction of Weis and the NYSE and not by any action or inaction of Claimants.

12. Claimants were not required to rescind prior to the filing of these proceedings in order to effectively rescind.

13. Claimants rescinded their transactions with Weis in timely and effective fashion.

14. Neither the Securities Investor Protection Act, nor any other statute nor any public policy preclude Claimants' rescission.

15. Public policy and the securities laws require that the rights of Claimants as defrauded investors to rescind be preserved.

16. The need for subordinated loan capital for brokers requires that the rights of defrauded subordinated investors to rescind be preserved.

17. Enforcement of the fraudulently induced subordination agreements among Claimants and Weis is not necessary to maintain public confidence in the securities markets.

18. Enforcement of fraudulently induced subordination agreements among Claimants and Weis is not necessary to assure financial stability of the brokerage industry.

Dated: November 10, 1975

Alan C. Winick
I. Alan Harris

By

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Attorneys for Claimants
All American Life & Casualty Company
General United Life Insurance Company
and Robert E. Slater

AFFIDAVIT OF ROBERT E. SLATER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------------------------------X

In the Matter of

WEIS SECURITIES, INC., : 73 Civ. 2332

Debtor. : AFFIDAVIT OF ROBERT E. SLATER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

----------------------------------X

Claims of GEORGE D. ALDRICH, et al.

----------------------------------X

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ROBERT E. SLATER, being duly sworn, deposes and says:

1. I am a claimant in these proceedings and I submit this affidavit in support of the Memorandum of Law of Claimants All American Life & Casualty Company, General United Life Insurance Company and Robert E. Slater in Opposition to Trustee's Motion for Summary Judgment.

2. In December 1972, I received and reviewed certain financial statements of Weis, Voisin & Co., later known as Weis Securities, Inc. ("Weis"), which were certified by Touche Ross & Co., in connection with consideration of participation in a loan to or investment in Weis.

3. In April 1973 I was furnished with additional financial statements of Weis and I was advised by Weis representatives that funds were needed for additional working capital and in order to accomplish a merger with another brokerage firm. The Weis representatives advised me that Weis' financial difficulties would be cured with the infusion of the additional funds

and consummation of the merger. I agreed to participate and to purchase $500,000 in Weis notes, subject to certain conditions, including the condition that the merger with the other brokerage firm be accomplished.

4. On May 5, 1973, a representative of Weis came to my home to complete the papers for the transaction. Weis advised me that because it was a member of the New York Stock Exchange, Inc. ("NYSE"), my proposed purchase of Weis notes was subject to review and approval by the NYSE, and I was required to provide certain information to the NYSE and to be approved by the NYSE. I was unfamiliar with such requirements, and completed the papers that the Weis representative furnished to me.

5. I delivered stock to a representative of Weis, who then delivered the collateral to the Franklin National Bank, which was to advance the funds. The funds were not to be advanced until the merger of Weis and the other brokerage firm became effective. Although the merger was never accomplished, I am advised that on or about May 9, 1973 the funds were disbursed by Franklin National Bank and deposited in a Weis account at Morgan Guaranty Trust Company.

6. I would not have agreed to enter into the transaction with Weis or signed the papers or the Cash Subordination Agreement attached to my claim filed herein if I had known that the representations and statements made by Weis were false or if I had known of Weis' true financial condition. After the extent of the Weis fraud was disclosed in the complaint filed by the Securities and Exchange Commission herein on May 24, 1973,

I rescinded my purchase of the Weis note. I have filed a proof of claim in these liquidation proceedings.

Robert E. Slater

SUBSCRIBED AND SWORN TO
before me this 4th day
of November, 1975.

Notary Public

AFFIDAVIT OF JOHN W. GARDINER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----------------------------------X

In the Matter of

WEIS SECURITIES, INC.,

Debtor.

-----------------------------------X

Claims of GEORGE D. ALDRICH, et al.

-----------------------------------X

73 Civ. 2332

AFFIDAVIT OF JOHN W. GARDINER IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

JOHN W. GARDINER, being duly sworn, deposes and says:

1. I am and was at all times described herein the President of All American Life & Casualty Company ("All American"). I actively participated in the negotiations with Weis, Voisin & Co., later known as Weis Securities, Inc. ("Weis"), which resulted in the Senior Subordinated Note Agreement (the "Agreement") dated September 29, 1972 which was executed by Weis, All American, General United Life Insurance Co. ("General United"), and O'Hare International Bank (N.A.) ("O'Hare"), a copy of which is attached hereto, and in subsequent transfers of All American and General United funds to Weis in May 1973. General United is and was at all times described herein a wholly owned subsidiary of All American. O'Hare was, at the time of its purchase of the Weis note, a subsidiary of the same parent as All American.

2. This affidavit is submitted in support of the Memorandum of Law of Claimants All American Life & Casualty

Company, General United Life Insurance Company and Robert E. Slater in Opposition to Trustee's Motion for Summary Judgment.

3. In early July of 1972, I was introduced to an individual acting on behalf of Weis who said that Weis wished to discuss, among other matters, the possibility of having companies with which I was associated purchase notes issued by Weis. Weis provided a prospectus for consideration in connection with its efforts to sell Weis notes. Before any serious negotiations, other representatives of All American, General United and O'Hare and I requested to see certified financial statements of Weis and other documents and materials with respect to Weis' financial condition. In addition to other data, Weis furnished its statement of financial condition, answers to financial questionnaire and additional information, and consolidated financial statements, all of which had been audited and certified by Touche, Ross & Company. Representatives of All American, General United and O'Hare reviewed and analyzed the data furnished by Weis.

4. Weis advised that because it was a member of the New York Stock Exchange ("NYSE"), the proposed purchase of notes was subject to review and approval by the NYSE, and All American, General United and O'Hare were required to provide certain information to the NYSE and to be approved by the NYSE. Weis representatives stated that they were familiar with NYSE personnel and procedures and that they would process the NYSE approval of the transaction and arrange for submission of the appropriate documents. Weis representatives did, in fact, handle essentially all details of the NYSE approval.

5. On September 29, 1972, All American, General United and O'Hare entered into the Agreement with Weis to purchase $3,000,000 in Weis notes. $2,000,000 was unconditionally advanced and was drawn upon by Weis, and $1,000,000 was conditionally deposited in a Weis account at O'Hare. Withdrawal of the $1,000,000 was blocked by agreement until Weis presented evidence that a prior $1,000,000 loan by Fidelity Corporation to Weis had been repaid. Weis never did satisfy the condition and the funds were returned to All American, General United and O'Hare accounts in May 1973.

6. The execution by All American, General United and O'Hare of the Agreement and the purchase of the notes were made expressly in reliance upon the information and financial statements provided by Weis. All American, General United and O'Hare would not have entered into the Agreement or made the purchase if they had known that the information supplied was false or if they had known of Weis' true financial condition.

7. Weis subsequently provided All American, General United and O'Hare with various financial statements and reports, including reports regularly submitted to the NYSE for its supervisory and regulatory review. All American, General United and O'Hare relied upon these reports and statements and had no reason to question their accuracy.

8. In the Spring of 1973, All American, General United and O'Hare were advised by Weis and by persons acting for Weis that Weis required additional funds for its continued operation and in order to accomplish a merger with another brokerage firm. Weis represented that its financial difficulties could be cured with the infusion of such funds and the consummation of the merger,

and it provided various information concerning its financial condition. On or about May 4, 1973, All American and General United each deposited $125,000 in escrow for the purchase of unsecured notes of Weis, subject to certain conditions, and, on or about May 9, 1973, the escrowee delivered the funds to Weis. These May 1973 transfers were made in express reliance upon the statements of financial conditions and related information furnished by Weis to All American and General United. The funds would not have been deposited or advanced if All American and General United had known that the representations and statements made by Weis were false or if they had known of Weis' true financial condition.

8. After Weis' fraud was disclosed in the complaint filed by the Seucrities and Exchange Commission on May 24, 1973, All American and General United rescinded their purchases of the Weis notes on June 19, 1973. All American and General United each filed a proof of claim in the liquidation proceedings conducted under the Securities Investor Protection Act.

John W. Gardiner
John W. Gardiner

SUBSCRIBED AND SWORN TO
before me this 7th day
of November, 1975.

Christine Lynn Roberts
Notary Public
My Commission Expires 4-3-78.

MEMORANDUM OPINION OF BANKRUPTCY JUDGE ROY BABITT RE CLAIMS OF GEORGE D. ALDRICH, ET AL.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

331

In the Matter
-of-
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2332

MEMORANDUM OPINION

Sol Kittay,
Plaintiff
v.
Edward Redington, Trustee,
Defendant

FILED
JUL 16 1976
ROY BABITT
BANKRUPTCY JUDGE

Claims of George D. Aldrich,
et al., Subordinated Lenders.

ROY BABITT, *Bankruptcy Judge*:

This dispute between the trustee of the debtor (Weis Securities) and subordinated lenders to the debtor arises out of the debtor's financial demise and its subsequent liquidation under the Securities Investors Protection Act of 1970, 15 U.S.C. §§ 78 aaa *et*. *seq*. (1970 ed.) (SIPA). Proceeding on the assumption that there is no real dispute as to what he perceives to be the controlling and material facts, the trustee has moved for summary judgment, Rule 56, F.R.Civ.P., in his favor, thereby leaving these admitted lenders in the subordinated position, a status for which they contracted.[1]

What is central to this case is the effort by the subordinated lenders to retrace the chronology during which they acquired their inferior financial position, come to a different arrangement in this second try and thereby improve their legal position to share in the distribution of the debtor's assets within the scheme of the SIPA. Not surprisingly, the trustee vigorously resists. In short, the subordinated lenders seek rescission of their agreements.

The material facts, at least the historical ones, are not in dispute.

During the period between June 28th, 1967 and May 7, 1973, the subordinated lenders, individually, entered into agreements with the debtor under which loans of cash and/or securities were made to the latter for unrestricted use in its business as a broker-dealer. Each agreement contained express, unequivocal and unambiguous provisions to the effect that in the event of liquidation, the subordinated lender agreed to subordinate his claim for property loaned to the claims of all the other creditors of the debtor and to waive any right to participate in the debtor's assets until the claims of all other creditors were satisfied. Further, each subordinated lender agreed not to permit the withdrawal of his property without the consent of the debtor and the New York Stock Exchange (the Exchange) at any time the debtor was in financial difficulty, including the difficulty in complying with the so-called "Net Capital Rule" under Exchange Rule 325. 17 C.F.R. § 240.15.[2/]

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[1] Whether Bankruptcy Rule 756, 411 U.S. 1084, making Rule 56, F.R.Civ.P., applicable, or the latter controls, is not material. Either provides the procedural linchpin for setting the stage for the unfolding of this controversy.

The subordination agreements also permitted the broker to freely lend or hypothecate securities loaned without the consent of the particular subordinated lender. Almost all of the securities loaned under the subordination agreement were hypothecated to banks as security for loans prior to the commencement of these liquidation proceedings.

On May 24, 1973, Weis' liquidation was begun in keeping with Section 5(b)(1) of the SIPA, 15 U.S.C. § 78 eee (b)(1) (1970 ed.), for the appointment of a trustee to liquidate the debtor's business.

In a complaint for injunctive relief filed on the same day, the Securities and Exchange Commission (S.E.C.) alleged, inter alia, that certain of the debtor's financial statements were false and misleading, in violation of the provisions of the Securities Exchange Act of 1934, 15 U.S.C. § 78; (b) and Rule X-10 B-5 promulgated thereunder by the S.E.C. The debtor did not contest the issuance of the injunction.

[2/] Some of the subordinated lenders claim to have been customers induced by fraudulent misrepresentations into entering subordination agreements on their cash and stocks held, assertedly in trust, by the debtor.

On or about July 16th, 1974, the subordinated lenders instituted various proceedings against the trustee, the legal effect of all of which would be rescission of the subordination agreements.[3/] In their application, the subordinated lenders allege substantially the same facts as those contained in the S.E.C. complaint, i.e., false and misleading financial statements made by the debtor to the subordinated lenders to induce the signing of the subordination agreement in violation of the anti-fraud provisions contained in the Securities Exchange Act of 1934 and Rule 10-b 5.

The trustee, insisting that there are no genuine issues of material fact in dispute, invokes Rule 56 of the Federal Rules of Civil Procedure via Bankruptcy Rule 756, see footnote 1, supra, and seeks judgment, the essence of which would leave the subordinated lenders exactly where their agreements placed them. The trustee's position is that even conceding the truth of what the subordinated lenders urge, they are estopped, as a matter of law, to rescind because of the reliance placed on the subordinations by other creditors who extended credit.

There is case law in support of both arguments, and both come with not unrespectable title deeds. But the controlling case decided in this circuit is In the Matter of Credit Industrial Corporation, 366 F.2d 402 (2d Cir. 1966)

[3/] Some filed complaints seeking to reclaim property, thereby following the adversary proceeding route prescribed by Part VII of the Bankruptcy Rules, 411 U.S.1068, et seq.

where the court held that given a lawful and valid subordination agreement, the bankruptcy court is without equitable power to realign the contractual priorities established by the parties in their contract. 366 F.2d at 409.

This result is not mandated, however, where the subordination agreement is unlawful, e.g., induced by fraudulent misrepresentation, and therefore invalid. The court explained that

> "When a junior creditor establishes that the subordination agreement is unlawful, it may be reasonable and necessary, if equity is to be done, to require a senior creditor to prove that he relied on the subordination agreement, without actual or constructive knowledge of any infirmity in the agreement, in advancing funds to the bankrupt as a condition to receiving priority in the distribution of the bankrupt's estate." [emphasis added]

To this court, applying equitable principles, the law seems to be that should reliance be established, estoppel would bar rescission of the subordination agreement. But the establishment of reliance is surely a factual issue en route to application of legal estoppel. So much seems to be the import of the language quoted above that "it may be reasonable and necessary" to show reliance.

The trustee insists that proof of reliance would be extraneous in the stock brokerage world where members are subject to the net capital rule. The underlying premise of financial regulation in the securities industry is that the public is entitled to deal with a stockbroker without concern for its financial stability. The Securities and Exchange

Commission imposes and monitors compliance with rules concerning financial responsibility for the express benefit of the investing public and confidence in the securities world. It is inevitable that investors will rely on this regulatory scheme and the mere existence of a net capital rule alone should be sufficient proof of justified investor reliance upon the probity of dealing in securities.

The subordinated lenders contend that reliance upon the subordination agreement is not to be assumed. There is no evidence that most of Weis' creditors were aware of the subordination agreements or of the net capital rule. To the extent that customers did rely at all, it may be assumed that such reliance was on the protection provided by the federal laws regulating the industry. Indeed, if anything, the SIPA offered greater security in dealings between customers and the debtor-broker.

The net capital rule insures liquidity against current customer demands, not security against broker-dealer insolvency. See Study of Unsafe and Unsound Practices, CCH Fed.Sec.L.Rep. Special Studies 74, 801 at 65, 521. The very purpose behind the SIPA was to provide the kind of protection against broker-dealer insolvency which the net capital rule was unable to achieve. Finally, the subordinated lenders contend that it is probable that institutional investors and other large creditors of the debtor were misled into extending credit on the basis of the very same fraudulent financial statements overstating Weis' net worth that misled these litigants into signing the subordination agreements. But the trustee has no right to assert estoppel. Those dealing with the debtor relied primarily on the false financial statements, not the security provided by the net capital rule.

It seems to this court that reliance must be shown and that summary judgment is not appropriate.

> "... summary judgment is a drastic device to be applied only when there are no material factual issues to be tried. In making that determination, the court 'must resolve all ambiguities and draw all reasonable inferences in favor of the party against whom summary judgment is sought ... with the burden on the moving party to demonstrate the absence of any material factual issue genuinely in dispute'. Heyman v. Commerce and Industry Insurance Co., 524 F.2d 1317, 1320 (2d Cir. 1975); Judge v. City of Buffalo, 524 F.2d 1321 (2d Cir.1975)". Gladstone v. Fireman's Fund Insurance Co., __F.2d__ (2d Cir. 5/17/76; Docket #75-7435).

The issue of reliance is a material one essential to determining whether the court will impose promissory estoppel on the subordinated lenders. In light of the issue raised as to whether there was, in fact, reliance, summary judgment should not preclude a showing; resolution of this factual issue is necessary.

The trustee presses another ground to support summary judgment in his favor. He claims that the subordination agreement was made not only between his adversaries here and the debtor, but also between the former and the Exchange. Thus, the trustee goes on, the Exchange has separate contract rights in the subordination agreements independent of those possessed by the debtor's trustee. But any rights the Exchange might have are not affected by the debtor's alleged misrepresentations.

Insurance Co. of North America v. Brehm, 257 Ore. 385, 393-394, 478 P.2d 387, 391 (1971); Peoples Trust Co. v. O'Neil, 273 N.Y. 312, 316, 7 N.E.2d 244, 246 (1937). The debtor's creditors and customers are clearly the third party beneficiaries of the agreements with the Exchange and could themselves sue the subordinated lenders for specific performance of open promises. Pond v. New Rochelle Water Co., 183 N.Y. 330, 76 N.E. 211 (1906). Accordingly, the trustee could sue on the subordinated lenders' promises by his title to causes of action under Section 70a of the Act, 11 U.S.C. § 110a. The subordinated lenders vigorously and correctly disagree with the trustee's stand on this. There is no evidence of any contractual agreement between the subordinated lenders and the Exchange. The New York Stock Exchange was not a party to the Senior Subordinated Note Agreement which the lenders and the debtor executed on September 29; indeed, the Exchange was in no way involved in the dealings between the lenders and the debtor. Nor did the lenders enter into separate agreement with the Exchange to subordinate their rights. The fact that the transactions between the debtor and the lenders required Exchange approval does not make the Exchange a party to the transaction. Absent evidence of a subordination agreement with the Exchange, the trustee's theory falls.

The court therefore denies trustee's motion for summary judgment as an evidentiary hearing is needed in respect of the following material issues of fact: did the general creditors rely upon the subordination agreement or the net capital rule when they invested in or extended credit to the debtor; is there conclusive proof that the subordinated lenders entered into a separate subordination agreement with the New York Stock Exchange. If either of the above two questions results in an affirmative finding the trustee will be entitled to judgment. If reliance is proven, the subordinated lenders will be estopped from rescinding the agreement for fraud. In the Matter of Credit Industrial Corporation, supra, at 409. If an independent contract between claimant and the New York Stock Exchange is substantiated, that contract will remain in force regardless of any fraud perpetrated by Weis. Insurance Co. of North America v. Brehm, supra, at 392, 390.

If neither of the above questions is answered by an affirmative finding, it will become necessary to determine whether the debtor fraudulently misrepresented financial information of sufficient materiality to support rescission of the subordination agreement. In short, the court concludes that there is a two step inquiry which must be had and upon which findings must be made following trial. The second is reached only if the first is found in favor of the lenders.

Accordingly, summary judgment is refused by reason of the existence of material facts as to which the court is unable to make findings for want of probative evidence. Trial will be had on these issues following recourse to the discovery procedures carried in the Federal Rules of Civil Procedure and the Bankruptcy Rules incorporating the former. Upon conclusion of all discovery, the court will fix a trial date after a pre-trial conference with counsel to be arranged on five days notice. Submit order.

DATED: New York, New York
July 15, 1976

Roy Babitt
BANKRUPTCY JUDGE

ORDER OF BANKRUPTCY JUDGE ROY BABITT RE CLAIMS OF GEORGE D. ALDRICH, ET AL.

336

FILED
AUG 26 1976
ROY BABITT
BANKRUPTCY JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

In the Matter :
-of- :
WEIS SECURITIES, INC., : 73 Civ. 2332
Debtor. :

COUNTER-PROPOSED ORDER

- x

Claims of George D. Aldrich, et al. :

- x

The Court having heard the motion for summary judgment of the trustee with respect to the claims of George D. Aldrich, H. Wallace Cohu, John DeBraganca, James J. Higginson, Grace Cutting McGrath, Grace M. McGrath, Craig K. Mitchell, Eugene W. Stetson, Jr., Jean M. Winslow, Samuel Winslow and Michael H. Holden, Executor of the estate of Philip D. Holden, deceased, Fidelity Corp., Chemical Bank, O'Hare International Bank, Exchange National Bank of Chicago, General United Life Insurance Co., All American Life & Casualty Co., Robert Slater, Eva Grossman, Arthur Kreizel, Weis Voisin Employees Profit Sharing Plan, Milton S. Gould, Jesse Reid Deitz and Esther Levick, and having rendered its Memorandum Opinion on said motion on July 15, 1976, it is

ORDERED, that the motion of the trustee be, and the same hereby is denied.

Dated: New York, New York
August 23, 1976

SO ORDERED:

Roy Babitt

Roy Babitt, Bankruptcy Judge

NOTICE OF MOTION TO DISMISS APPEALS OF TRUSTEE AND SECURITIES INVESTORS PROTECTION CORPORATION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter :

of :

WEIS SECURITIES, INC. :

Debtor. :

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Claims of George Aldrich, et al., :

Claimants. :

--------------------------------------- x

73 Civ. 2332 IBW

NOTICE OF MOTION

SIRS:

PLEASE TAKE NOTICE that upon the annexed affidavit of ALAN C. WINICK, sworn to October 18, 1976, the Notice of Appeal of the Trustee in liquidation of Weis Securities, Inc. (Weis) dated September 3, 1976, the Notice of Appeal of the Securities Investors Protection Corp. (SIPC) dated September 1, 1976, the Designation of Contents of Record on Appeal and Statement of Issues dated September 13, 1976, the Supplemental Designation of Contents of Record on Appeal dated October 13, 1976, and all pleadings and prior proceedings had herein, the undersigned will move this Court at Room 905, United States Courthouse, Foley Square, New York, New York on November 12, 1976, at 2:30 p.m. or as soon thereafter as counsel can be heard for an order dismissing the appeals of the Trustee and SIPC from the order of Bankruptcy Judge Roy Babitt dated July 15, 1976, for the reason that said order is interlocutory and as such, this Court, in the exercise of its discretion, should decline to entertain such appeals.

Dated: New York, New York
October 19, 1976

Yours, etc.

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AFFIDAVIT OF ALAN C. WINICK, ESQ., FOR CLAIMANTS ALL AMERICAN LIFE & CASUALTY CO., GENERAL UNITED LIFE INSURANCE CO., AND ROBERT E. SLATER, IN SUPPORT OF MOTION TO DISMISS APPEALS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

Claims of GEORGE ALDRICH, et al.,
Claimants.

73 Civ. 2332

AFFIDAVIT IN SUPPORT OF MOTION TO DISMISS APPEALS

ALAN C. WINICK, being duly sworn, deposes and says:

1. I am co-counsel to claimants, All American Life and Casualty Co., General United Life Insurance Co., General United Life Insurance Co., and Robert E. Slater, and make this affidavit in support of claimants' motion to dismiss the appeals of the Trustee in liquidation of Weis Securities, Inc. ("Weis") and the Securities Investors Protection Corporation (SIPC) from an order of Bankruptcy Judge Roy Babitt, dated July 15, 1976, denying Trustee's motion for summary judgment on his objections to the claims of various alleged subordinated creditors, including the moving parties herein.

2. Claimants, among others, purchased notes or otherwise loaned monies to Weis pursuant to agreements which contained provisions that in the event of the liquidation of Weis, the claims of such claimants would be subordinated to claims of other creditors of Weis.

The execution of the agreements and purchase of the notes by claimants were made expressly in reliance upon information and financial statements supplied by Weis, which information and statements have proven to have been materially untrue, and for the purposes of the motion for summary judgment, the Trustee had admitted the fraud of Weis.

3. The liquidation of Weis was commenced in May, 1973, almost three and a half years ago, under the Securities Investors Protection Act of 1970. In April, 1974, the Trustee made an omnibus application to the Bankruptcy Court, seeking to "Confirm the Trustee's Position with Respect to Subordinated Creditors". This imaginitive approach to the resolution of the issue of subordination was withdrawn by the Trustee after objections were filed by many of the claimants, and a hearing with respect to same was held before Judge Babitt on July 16, 1974.

4. In December, 1974, the Trustee filed objections to the claims of the alleged subordinated claimants and thereafter moved for summary judgment on his objections. The Trustee took the position that notwithstanding the admitted fraud of Weis and the principle of law which would permit rescission by the defrauded claimants, such claimants were nonetheless bound to their subordination since general creditors of Weis had relied upon such subordination, and further that each claimant had, by implication, entered into a separate subordination agreement with the New York Stock Exchange, which relied upon such subordination for the purpose of computing net capital for compliance purposes under the rules of the New York Stock Exchange, and thereby permitted Weis to remain in business to the detriment of customer creditors. Although the Trustee's proposition assumes the proven fact of reliance by the general creditors, and agreement by implication with the New York Stock Exchange, such facts, in fact, were not proven at all, and Judge Babitt, in his decision denying the motion, correctly held that issues of fact existed and evidentiary hearings must first be held to establish such propositions as facts before the motion could be renewed.

5. Rather than proceed with such evidentiary hearings as Judge Babitt directed, the Trustee and SIPC appealed the decision in a further effort to avoid a trial on the merits. It is obvious by this time that the Trustee had proceeded in this fashion rather than proceed to trial, not to save the Bankruptcy Court the burden of a trial or reduce the financial burden of the debtor, but rather because it is unable to prove the two material and necessary facts upon which its whole theory is predicated. Therefore, for this Court to entertain the appeal would not serve the interests of justice, but would rather delay the ultimate resolution of the issues presented in the Trustee's motion. As appears in claimants' brief in support of their motion, the right to take an appeal from an interlocutory order of the Bankruptcy Court is discretionary. Your deponent submits that this Court, in the exercise of such discretion, should decline to hear such appeal.

Movants herein have filed claims for approximately $2,500,000 representing monies loaned to Weis, $750,000 of which was loaned within ten days of the filing of the petition by the SEC and the balance within eight months of such filing. Clearly, the Trustee would have an impossible task of proving reliance. In total, alleged subordinated lenders have claims aggregating approximately $17,000,000. The seriousness of the issues, as well as the amounts involved, merit a full hearing and should not be dealt with summarily. No rights of the parties were determined with any degree of finality by the denial of the motion below and Trustee and SIPC will have ample opportunity to present evidence to substantiate its position at a full trial in this matter.

6. The liquidation proceedings have been pending for almost three and a half years. The further review by this Court

and possibly higher courts, could only delay further the ultimate resolution of the basic issues involved. This Court should not encourage the procrastination on the part of the Trustee and SIPC to face up to its responsibilities and meet the issues head on after full discovery has taken place.

7. In considering this application, note should be taken of the burden that is being placed upon the remaining assets in the debtor's estate by this and further appeals by the Trustee or claimants. From a reading of the Trustee's last accounting, the dividend possibly payable to general creditors will not exceed 4%, and may be substantially less. If the Trustee is successful in subordinating the claims of claimants and those similarly situated, the dividend may increase to as much as 7%. These estimates, however, do not include consideration of the continued erosion of the estate by litigation expense.

It should be further considered that the Trustee may not even have the standing to take this appeal. The only issue presented in its motion for summary judgment involves priorities between competing creditors as to rights in distribution. In fact, the Trustee has taken the position of one such group and has acted as formidable adversary on their behalf, charging the estate with its expense. Why the estate should bear this expense is highly questionable since the estate itself gains no benefit whatsoever from such determination. Generally, it is the creditor who asserts the priority that moves for this determination and bears the expense thereof.

8. In summary, your deponent respectfully requests that the appeals of the Trustee and SIPC be dismissed in that:

(i) The order appealed from is interlocutory and does not represent a final determination of the rights of any of the parties;

(ii) The appeals will only delay the ultimate resolution of the issues presented in the original motion;

(iii) The issues presented on appeal will most probably be the subject of review by this Court at a later date after a full hearing;

(iv) The appeal will burden the estate of the debtor with unnecessary costs and expenses;

(iv) The Trustee is a stakeholder and not adversary to the issues presented and has no standing to appeal or charge its counsel fees to the estate.

WHEREFORE, your deponent prays that the relief requested by the claimants on its motion be granted.

Dated: New York, New York
October 21, 1976

Alan C. Winick

Sworn to before me this

21st day of October, 1976

Mortimer Sperling

MORTIMER SPERLING
NOTARY PUBLIC, State of New York
No. 31-9124800
Qualified in New York County
Commission Expires March 30, 1978

AFFIDAVIT OF JAMES B. KOBAK, JR., ESQ., FOR APPELLANTS TRUSTEE AND SECURITIES INVESTOR PROTECTION CORPORATION, IN OPPOSITION TO MOTION TO DISMISS APPEALS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

U.S. DISTRICT COURT
FILED
NOV 9 1976
S. D. OF N. Y.

- x

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

73 Civ. 2332(IBW)

AFFIDAVIT IN OPPOSITION TO MOTION TO DISMISS APPEALS

- x

Claims of George Aldrich, et al.,
Claimants.

- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JAMES B. KOBAK, JR., being duly sworn, deposes and says:

1. I am associated with the firm of Hughes Hubbard & Reed, attorneys for one of the two appellants herein, Edward S. Redington, Trustee for the liquidation of the business of Weis Securities, Inc. pursuant to the Securities Investor Protection Act of 1970 (the "Trustee"). I am a member of the bar of this Court and am fully familiar with the facts hereinafter stated. I make this affidavit in opposition to the motions by two groups of subordinated lender-appellees to dismiss the notices of appeal filed by the Trustee and his co-appellant, the Securities Investor Protection Corporation ("SIPC").

2. The appeal herein is from an order of the Hon. Roy Babitt, Bankruptcy Judge, entered August 26, 1976 and based on a memorandum opinion dated July 15, 1976. The opinion is unofficially reported at ¶ 95,666 of the current volume of the

CCH Federal Securities Law Reporter; a copy of the opinion is also annexed as Appendix A to the Trustee's Brief on Appeal. The notices of appeal by the Trustee and by SIPC were timely filed on September 3, and the record on appeal was docketed with this Court on October 22. The appeal itself has been set down for argument before this Court on December 3.

Papers Relevant to This Motion

3. In accordance with Bankruptcy Rule 808(1) the briefs of the Trustee and of SIPC in support of their appeals have already been filed with this Court. In addition, both the New York Stock Exchange, Inc. and the Securities and Exchange Commission will have filed briefs with respect to the appeal by the return date of this motion. Those four briefs deal with the merits and the import of the issues sought to be appealed and should be read in conjunction with this affidavit. In particular, the question of the Court's jurisdiction is addressed at pages 3 to 8 of SIPC's brief on appeal which is also submitted in opposition to these motions.

4. As all these briefs indicate, the issue being appealed is of great public importance because it will determine the effect of the statutorily required financial responsibility rules imposed on stock brokerage firms by regulatory authorities for the protection of the public. This appeal will also determine whether potentially extensive discovery and a potentially substantial trial must be held and will have enormous practical effects on the course of this liquidation.

The Motion

5. The order appealed from denied the Trustee's motion for summary judgment with respect to a right to rescission

claimed by some 24 subordinated lenders to Weis Securities. The motion to dismiss the appeals was originally made by a group of three lenders. (These lenders will be referred to as the "Winick movants" to identify the papers submitted by their counsel, Alan C. Winick, Esq.) They have been joined by a fourth lender, the Weis, Voisin & Co., Inc. Employees' Profit-Sharing Plan and Trust.

6. The movants' argument for dismissing the appeal is that the order appealed from is "interlocutory" (rather than final) in nature. As movants also note, however, there is, on appeals from orders of Bankruptcy Judges to the District Courts, no "final order" rule such as that which governs appeals from District Courts to the United States courts of appeals. Thus, as movants themselves note, jurisdiction to entertain an appeal such as this does lie, subject to the discretion of the Court to deny review of issues which, in the words of one of movants' leading authorities, "relate to mere preliminary steps in a proceeding and which may be passed upon more effectively at the final stage of the proceeding." (Winick Memorandum of Law, p. 6, citing 2A W. Collier, Bankruptcy ¶ 39.21 at 1511.)* The issues involved here do not fall within that category.

The Issues Appealed

7. The subordinated lenders made loans to Weis which, by the terms of their agreements were to be totally and unconditionally subordinated to the claims of all customers and creditors of Weis in a liquidation such as this. The lenders' promises to

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* The citation is incorrectly given to volume 1 of this treatise in Movants' Memorandum of Law.

subordinate their claims were required by the New York Stock Exchange's net capital rule. The lenders seek to rescind these agreements on the basis of alleged fraud in the inducement and to be treated as general creditors or even, in some cases, to be given priority treatment as "customers" entitled to the special protections of SIPA. The Trustee moved for summary judgment on the theory that the lenders' promises are absolute and cannot be rescinded in a liquidation such as this where the rights of creditors and the public have intervened.

8. The Bankruptcy Judge held that the lenders could be estopped from rescinding their agreements because of reliance by creditors but held that actual reliance by creditors was an issue of fact that had to be proved. The Trustee contends that proof of actual reliance by any of the Debtor's 30,000 customers and nearly 2,000 creditors would be extraneous because of the role the subordinated lenders' agreements played, and were intended to play, in enabling the debtor to comply with the financial responsibility rules of the SEC and the Exchange.

9. The basis for this theory, as more clearly appears in the briefs submitted with respect to the appeal, is that the capital contributed pursuant to these agreements was considered part of the debtor's minimum "net capital"; the debtor had to comply with the net capital rules in order to stay in business, to continue dealing with customers and creditors and to run up the millions of dollars of unpaid claims that are involved in this liquidation. The Trustee contends that in these circumstances it would be absurd to require proof of actual reliance. A broker's financial condition is subject to pervasive regulation by the Exchange and the SEC because Congress presumed that most customers and creditors were passive, unsophisticated creatures,

analogous to bank depositors, who were entitled to protection through net capital rules without having to familiarize themselves with the intricacies of broker-dealer financing.

Importance of Immediate Decision to Effect of Capital Rules

10. The issue whether the lenders may rescind at all in brokerage house insolvency proceedings is what this appeal is about. That question is of crucial importance to the regulation of broker-dealers. That is why the regulatory authorities involved have filed briefs on this appeal. The Trustee's position, supported at least in part by the regulatory authorities, is that the lenders' promises are absolute. If the Bankruptcy Judge's opinion is the law, and if a subordinated lender's absolute promise can be revoked because of fraud absent a difficult and expensive showing of reliance in fact by customers and creditors, the adequacy of the Exchange rules may be subject to serious question. The Exchange makes this very point in its *amicus* brief on the merits.

11. If this appeal is dismissed, there may never be review of the Bankruptcy Judge's opinion on this issue despite its great importance to the brokerage community and to the five million investors who have invested over $50 billion in the stock market in reliance on the integrity of brokers' capital structure. If there must be a trial or trials with respect to reliance and the elements of estoppel that must be proved by the lenders, it cannot be presupposed that the Trustee will lose. If this appeal is dismissed, and if the Trustee and SIPC prevail on more narrow grounds, the Bankruptcy Judge's conclusion that under some circumstances these agreements *can* be rescinded in insolvency proceedings is one which may never be reviewed.

Hence the issue involved is not one which, again to quote the words of one of movants' authorities, "may be passed upon more effectively at the final step of the proceeding." (See ¶ 6, supra.) Rather, the issue on which review is sought is a threshold question of fundamental importance which may never be passed on effectively unless it is passed on now.

Immediate Review Is Necessary Because It May Avoid An Unnecessary, Expensive and Burdensome Trial

12. The order of the bankruptcy judge appealed from, though technically interlocutory, is not in any sense "a mere preliminary step", or a simple housekeeping or administrative order. It is fundamentally different from an order refusing to grant a continuance or requiring an answer to be filed. (See Winick Movants' Memorandum of Law at p. 5). The order of the Bankruptcy Judge, if allowed to stand, will presumably require extensive pretrial discovery and evidentiary hearings on an issue - reliance - which the Trustee and regulatory authorities contend is extraneous and indeed anomalous. The issue involved is substantial. Immediate appeal may ultimately advance the termination of litigation by obviating a futile and unnecessary trial.

13. It would not be a sound exercise of discretion to dismiss this appeal. Quite the contrary, even were this Court governed by the same strict final judgment rules that govern appeals from a District Court to a Court of Appeals, there can be no question that the issue whether the lenders can rescind their agreements in this liquidation is one that would be certified for immediate review. See 28 U.S.C. § 1292(b). It is interesting to note that in the CIC case chiefly relied on by the lenders below (In re Credit Industrial Corp., 366 F.2d

402 (2d Cir. 1966)), "interlocutory" orders denying a Trustee's motion to strike subordinated lenders' affirmative defenses and denying a subordinated lender's cross-motion for summary judgment were successfully appealed to the District Court and the Court of Appeals.

Movants' *Ad Hominem* Arguments

14. The movants quibble about the Trustee's standing, even to be heard on the issue of rescission, but this is a trivial point. The Trustee is seeking only to enforce the agreements which the lenders made with the Debtor and to have priorities of distribution determined in accordance with the lenders' promises. The Trustee's standing in this regard under Section 70c of the Bankruptcy Act, 11 U.S.C. Section 110c, cannot seriously be questioned. (It is again interesting to note that the standing of the Trustee to enforce subordination agreements against rescissionary claims was not questioned in the CIC case, supra ¶ 13.) Mr. Winick's suggestion that each individual creditor must move for determination of his rights and bear the expense of that determination (Affidavit of Alan C. Winick In Support of Motion to Dismiss Appeals, sworn to October 21, 1976, at ¶ 7, p. 4) can have no conceivable merit in the context of a subordination agreement which was required by regulatory authorities to run in favor of all customers and creditors of the debtor and was not the product of negotiations among creditors. If the Trustee's position is sustained, all creditors and customers of the estate other than the twenty-four appellees will benefit.

15. The standing argument has especially little merit in this case because, even were there reason to question the Trustee's standing, an appeal has also been taken by SIPC. By

statute SIPC is the subrogee of customers whose claims are satisfied with cash advances. SIPA § 6(f)(1), 15 U.S.C. § fff(f)(1). SIPC has made unreimbursed cash advances in this liquidation which to date total approximately $14,000,000 and is far and away the largest single creditor in the liquidation. In fact, its claims alone are greater than those of all the subordinated lenders combined. SIPC clearly has standing to assert the rights of those thousands of customers whom it has paid.

16. How the Winick Movants can accuse the Trustee or SIPC of delay or "procrastination" (Winick Affidavit, ¶ 6) is beyond the understanding of the undersigned. The Trustee is seeking a prompt determination of what he regards as a dispositive issue which would obviate the necessity for further prolonged and expensive proceedings. It was the Winick Movants and not the Trustee, it may be remembered, who sought to attack the propriety of the reference to the Bankruptcy Judge and who sought a stay of all proceedings relating to subordinated lenders while pursuing their unsuccessful argument to this Court and their unsuccessful mandamus petition to the Second Circuit.

WHEREFORE, deponent respectfully requests that an order be entered denying the motion in all respects and directing that briefing and argument of the appeal proceed as scheduled.

James B. Kobak Jr.
James B. Kobak, Jr.

Sworn to before me this
9th day of November, 1976

Stephen J. Boatti
Notary Public
STEPHEN J. BOATTI
Notary Public, State of New York
No. 4620933
Qualified in New York County
Commission Expires March 30, 1978

ORDER DENYING MOTION TO DISMISS APPEALS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter
of
WEIS SECURITIES, INC.,
Debtor.

Claims of GEORGE ALDRICH, et al.
Claimants.

NOTICE OF MOTION

ALAN C. WINICK, ESQ.
500 Fifth Avenue
New York, New York 10036

U.S. DISTRICT COURT
FILED
NOV 15 1976
S.D. OF N.Y.

The within motion is denied. So Ordered
Inzer B Wyatt
USDJ
Nov 12, 1976

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NOV 1 5 [illegible]

OPINION AND ORDER OF DISTRICT JUDGE INZER B. WYATT REVERSING ORDER OF BANKRUPTCY JUDGE BABITT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter

of

WEIS SECURITIES, INC., 73 Civ. 2332

Debtor.

IBW

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#45540

Claims of George D. Aldrich,
et al.

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73 Civ. 2332

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73 Civ. 2332

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Of Counsel

WYATT, District Judge,

These are two appeals from an order of Bankruptcy Judge Babitt filed August 26, 1976. Appellants are (a) the trustee for the liquidation of the business of Weis Securities, Inc. (Weis) under the Securities Investor Protection Act of 1970 (SIPA, 15 U.S.C. § 78aaa and following) and (b) the Securities Investor Protection Corporation (SIPC). The order appealed from denied a motion of the trustee for summary judgment sustaining his objections to the claims of 24 different claimants who were subordinated lenders to Weis (sometimes called "claimants" and sometimes "subordinated lenders"). A thoughtful opinion had been filed by the Bankruptcy Judge on July 16, 1976. I am persuaded, however, that the able Bankruptcy Judge was in error and that the order appealed from must be reversed.

1.

Weis had been a prominent registered broker-dealer and a member of the New York Stock Exchange.

The proceedings in which the trustee was appointed are described in Exchange National Bank v. Wyatt, 517 F.2d 453 (2d Cir. 1975). The trustee was appointed on May 30, 1973; the "filing date" (15 U.S.C. § 78eee(b)(4)(B)) was May 24, 1973. Weis is in liquidation under SIPA.

2.

The securities business is much regulated, necessarily so after the 1929 stock market crash and the conditions which preceded it.

The Securities Exchange Act of 1934 (15 U.S.C. § 78a and following; the 1934 Act) required brokers to have a certain amount of capital. Section 8(b) of the 1934 Act (15 U.S.C. § 78h(b)) required that the capital of a broker firm be at least 1/20 the amount of the total indebtedness of the broker firm. Expressed in another way, the 1934 Act was designed to protect the customers of a broker against his insolvency; this was to be done, among other ways, by preventing him from borrowing more than twenty times his net capital.

The New York Stock Exchange had its own rule as to net capital requirements. This was its Rule 325 which provided that the indebtedness of a member could not be more than 15 times the net capital of such member.

In 1938, the 1934 Act was amended to give the SEC authority to issue regulations with respect to the "financial responsibility" of brokers. 15 U.S.C. § 78o(c)(3) The SEC issued a regulation (17 CFR § 240.15c3-1) which provided that no broker could have indebtedness of more than 20 times his net capital. Because the New York Stock Exchange rule was more restrictive than this, the SEC regulation was not applicable to members of that Exchange. Weis was a member of the New York Stock Exchange.

3.

In meeting the net capital requirements of the SEC and of the Exchange, the practice developed of brokers borrowing money on a subordinated basis, that is, the lenders agreed that their claims would be subordinated to general creditors. Where such agreements were approved by the Exchange, the indebtedness was excluded in calculating compliance with the net capital rule of the Exchange. This was an explicit provision of Rule 325(b)(2)(E) of the Exchange, which excluded from the aggregate indebtedness of a member "liabilities subordinated to general creditors pursuant to a separate agreement approved by the Exchange". In substance the subordinated loans, with the knowledge of the lenders, were used as capital for purposes of the net capital rules.

Weis, in attempting to comply with the net capital rules, borrowed from lenders who agreed that their claims would be subordinated to the general creditors of Weis. Also Weis had in 1969 bought certain assets from another broker-dealer, Winslow, Cohn & Stetson Incorporated ("Winslow"). Winslow was a member of the New York Stock Exchange and had borrowed from subordinated lenders.

It should be obvious, but may bear mentioning, that subordinated lenders are paid for the added risks which they knowingly assume. They receive all income from all securities loaned, in addition to interest at rates usually above normal. Here, for example, Weis undertook to pay 10% interest to most of the lenders and not less than 8%. We are told that in fact Weis paid $750,000 to these lenders before the trustee was appointed.

4.

After the trustee was appointed for Weis on May 30, 1973, claims were filed by some 50 subordinated lenders to Weis.

On April 24, 1974, the trustee filed an "application for an order confirming the trustee's position with respect to claims of subordinated lenders". This position was that the subordination agreements should be enforced in accordance with their terms, that claims of fraud by the subordinated lenders even if proved would not avoid the subordination agreements because every customer and creditor of Weis had relied on those agreements "either expressly or constructively", and that the claims of subordinated lenders to Weis should not be paid until the general unsecured creditors of Weis had been paid in full.

On April 24, 1974, Judge Babitt made and filed an order requiring the subordinated lenders and SEC and SIPC to show cause why the trustee's position should not be sustained.

This order to show cause was heard on July 16, 1974. Many of the subordinated lenders did not appear to oppose the position of the trustee. As to these, there was an "inquest" and the trustee's position as to them was sustained and this proceeding is no longer concerned with them.

As to 24 subordinated lenders who opposed the trustee's position, objections to their claims were then served by the trustee and filed on December 12, 1974.

Judge Babitt then made an order on December 13, 1974 requiring the 24 subordinated lenders to show cause why summary judgment should not be granted on the objections of the trustee to their claims and why the trustee's position should not be confirmed.

The hearing on this order to show cause was held on March 12, 1975.

On July 16, 1976, Judge Babitt filed his opinion and on August 26, 1976, the order here appealed from was filed. The order denied the trustee's motion.

5.

Each of the subordination agreements here in question was made with knowledge that the money (or property) loaned would be used as capital of Weis for satisfying the provisions of the net capital rules. Each provided that in any liquidation of Weis, the loan would not participate in any distribution of Weis assets until the claims of all general creditors of Weis were satisfied. Each of these lenders submitted an application to the Exchange for approval as a subordinated lender. Each of the agreements was filed with the Exchange. Each was approved by the Exchange for inclusion of the borrowed money or property in calculating the capital of Weis to determine compliance with the net capital rules. None of this was disputed before the Bankruptcy Judge. One of the subordinated lenders sought to avoid the substance of his agreements by a statement that he was "unfamiliar with such requirements" of the Exchange (Slater aff. ¶ 4). Another stated that while the papers were signed and completed for the Exchange, the details were handled by Weis (Gardner aff. ¶4).

Now the subordinated lenders seek to avoid their subordination agreements by the claim that they were induced by the fraud of Weis to enter into those agreements. They thus ask in effect or expressly for rescission of their agreements and return of what they loaned to Weis.

The trustee contends that even if fraud on the subordinated lenders be assumed, these lenders are estopped as a matter of law to assert it because those of the public who dealt with Weis and who are now general creditors relied on compliance by Weis with the net capital rules and such compliance was made possible only by the agreements to subordinate. The trustee also contends that the subordination provisions were promises to the Exchange which relied on them in allowing Weis to continue as a member and to deal with those who thereby became general creditors in the present liquidation.

6.

In denying the trustee's motion, Judge Babitt ruled that actual reliance by the general creditors on the subordination agreements or net capital rule must be proved by the trustee in order to defeat the claims of fraud by the subordinated lenders. Judge Babitt also ruled that if the trustee can establish "an independent contract" between the subordinated lenders and the Exchange, "that contract will remain in force regardless of any fraud perpetrated by Weis".

It is far from clear how the ruling of the Bankruptcy Judge is intended to be applied. Must the trustee prove actual reliance by each customer creditor? Would failure to prove actual reliance by any one customer creditor mean that the subordination agreements could be rescinded as against all customer creditors or only as to that one customer creditor as to whom there was failure of proof? We are told by the trustee that there were 30,000 customers of Weis and by SIPC that there were 33,000 such customers. Would the trustee be required to prove actual reliance on each one of the subordination agreements of each subordinated lender? What would be the effect of a failure of proof as to one subordination agreement of one subordinated lender?

Normally these questions would be reached only after a trial of the fraud issue as to each subordinated lender and after at least one subordinated lender had established fraud by Weis. As to any subordinated lender who fails to prove fraud by Weis, the inquiry would normally be ended and the subordination agreement could be enforced according to its terms.

It seems, however, that the Bankruptcy Judge has in mind a reversal of this order of events. The trustee is first to prove reliance by the customer creditors. If he can do this, then proof of fraud will not be taken because irrelevant. If the trustee does not prove reliance, then the fraud issue is then to be tried as to each subordinated lender. If this be the contemplated procedure it seems illogical and unworkable.

It is not clear exactly what procedure is contemplated. However, the practical result of the ruling of the Bankruptcy Judge is clear. The burden of proof on the trustee could not be met as a practical matter and thus the subordination agreements, on the strength of which Weis had been allowed to continue operating and to create claims of general creditors, could not be enforced.

7.

Judge Babitt concluded that "the controlling case" is In re Credit Industrial Corp., 366 F.2d 402 (2d Cir. 1966). It is believed that this conclusion is mistaken.

CIC, a commercial finance company, obtained its working capital by borrowing from (a) institutions and (b) individuals. The individual lenders were paid "a high rate (10%-12%) of interest" but their loans were agreed to be subordinated to institutional loans and not to be paid until CIC paid all its obligations to institutional lenders. CIC became a bankrupt. Its trustee sought to enforce the subordination agreement. The individual lenders asserted several separate defenses, two of which are significant here: (a) that the institutions did not lend to CIC in reliance on the subordination agreement and (b) that fraud was practiced on the individual lenders. The District Court had affirmed the denial of a motion to strike the defense described in (a) and the granting of a motion to strike the defense described in (b). The District Court believed that any subordination agreement, however valid or lawful, could only be enforced in bankrtupcy if actual reliance on the agreement by senior creditors could be shown. Under this belief, it was irrelevant whether fraud could be proved by the subordinated (individual) lenders because, whether there were fraud or not, reliance by the senior (institutional) lenders had to be shown.

The Court of Appeals reversed, holding that in bankruptcy the Court "must enforce lawful subordination agreements according to their terms" (366 F.2d at 410). Therefore, the separate defense described in (a) above should have been struck.

It was also held that the separate defense of fraud described in (b) above should not have been struck because the pleading stage was too early to decide whether proof of fraud would avail the subordinated (individual) lenders; this "should await such disposition as the law and facts require after the relevant facts have been developed" (366 F.2d at 412).

The Court of Appeals did discuss but did not decide whether reliance must be shown to overcome a defense of fraud asserted by junior creditors. Such a defense was allowed to be asserted as a matter of pleading because it "may become important to the rights of junior creditors" (366 F.2d at 410-11; emphasis supplied); therefore "the noteholders here are entitled to assert" such a defense in their pleading (366 F.2d at 411). Elsewhere the Court of Appeals said: "Reliance *may* become a relevant factor . . . where the subordination agreement itself is invalid" (366 F.2d at 409; emphasis supplied).

There was thus no decision by the Court of Appeals on the point here at issue; the discussion was dicta, and the decision is not controlling in the case at bar.

In any event, the situation in *CIC* was radically different from that at bar. In *CIC*, the subordination ran in favor of particular, described senior creditors and the motives for subordination were entirely private, having nothing to do with statutory requirements for a regulated business. In the case at bar, Weis and the subordinated lenders knew that the subordination was to meet the statutory requirements for a broker-dealer to continue in business and knew that it was for the protection of the general class of Weis customers who, as long as Weis continued to operate, were becoming general creditors of Weis.

8.

There is not only no controlling authority on the point here at issue; there are no decisions on the point.

We must consider, therefore, what equity and fairness would suggest. This seems clearly to be that, as between the customer and other general creditors of Weis on the one hand (for whom the trustee speaks) and the subordinated lenders on the other, the agreements of the latter should be enforced according to their terms in distributing the assets of Weis. As between Weis and the subordinated lenders, the latter are entitled to rescind if fraud is proved; the trustee recognizes this. If the subordinated lenders prove fraud, their claims should be paid before anything is distributed to the stockholders of Weis. But the customer and other general creditors of Weis should be paid before anything is paid to the subordinated lenders. Every customer and general creditor of Weis knew, or is presumed to have known, that the broker-dealer business of Weis was regulated by federal law and that as part of such regulation the net capital rule was enforced.

The subordinated lenders, by their agreements, enabled Weis to comply with the net capital rule and thus to continue in business. The customer and general creditors of Weis should therefore have priority. Under the circumstances, actual reliance is not required to be shown. If the reliance doctrine must be satisfied as a point of dogma, it should be presumed as a matter of law.

The bank assessment cases seem analogous. Before 1959 (for all practical purposes, before 1933), for many years shareholders of any national bank were by statute personally liable for "all contracts, debts, and engagements" of the bank, to the extent of the par value of their shares; this liability was enforced by assessment. 12 U.S.C. §§ 63, 64

Cases arose where shareholders defended against an assessment on the ground that their shares were sold by fraud of the bank to them and, since fraud gave them a right of rescission, they were not really to be considered as shareholders. No such defense was allowed because the statutory liability was for the protection of depositors of the bank. It was never suggested that actual reliance on the share ownership or the statutory liability had to be shown.

Such a case was Scott v. Deweese, 181 U.S. 202 (1901) where (at 213) it was said:

> "The present suit is primarily in the interest of creditors of the bank. It is based upon a statute designed not only for their protection but to give confidence to all dealing with national banks in respect of their contracts, debts and engagements, as well as to stockholders

> generally. If the subscriber became a shareholder in consequence of frauds practised upon him by others, whether they be officers of the bank or officers of the Government, he mus look to them for such redress as the law authorizes, and is estopped, as against creditors, to deny that he is a shareholder, within the meaning of section 5151, if at the time the rights of creditors accrued he occupied and was accorded the rights appertaining to that position."

A more recent and similar case is Oppenheimer v. Harriman Bank, 301 U.S. 206 (1937). Both sides appear to rely on this decision but in my view it supports the position of the trustee. Oppenheimer bought his stock in 1930. The bank closed in 1933 after which Oppenheimer sued for rescission for fraud and eventually secured a money judgment for the amount he had paid for the shares. The Court of Appeals, however, ordered that the judgment be paid only "after payment in full of all who were creditors when the bank became insolvent". This deferment of the judgment was reversed by the Supreme Court which ruled that the judgment was entitled to parity with other unsecured creditors. This ruling was made, however, because Oppenheimer had already paid the statutory assessment against him. The significance for the case at bar is the repetition by the Supreme Court of the settled rule that fraud and the ability to rescind are of no avail to defeat protections by statute for a class of creditors. The Supreme Court, citing Scott v. Deweese, above, with approval, said (301 U.S. at 214):

> "Plaintiff appeared by the bank's records to be a stockholder and, as against creditors for whose benefit the statutory liability was created, was estopped from

> denying that status. Recognizing that the bank's fraud and his rescission availed nothing against the comptroller's assessment, plaintiff paid the amount laid against him."

Nothing whatever was said about reliance by creditors on the share ownership or statutory liability.

An even closer analogy is found in an old New York case, Hurd v. Kelly, 78 N.Y. 588 (1879). A bank was in poor condition. To induce and enable the bank to continue in business Kelly gave the bank a bond, under circumstances strikingly similar to those here. As described in the opinion (at 595):

> "It appears that when the bond was given the assets of the bank had become impaired to an amount as great or greater than the amount of the bond. The bond was executed for the purpose of being exhibited to the bank department as an asset so that the bank might pass the examination and inspection of the department and be enabled to continue its business."

Later the bank failed and a receiver was appointed who sued on the bond. Kelly defended by asserting that he was induced by fraud to sign the bond. This was unanimously held to be no defense, the Court saying (at 596, 597):

> "The intention of the parties was to provide a security in the nature of a guarantee fund of $100,000, to enable the bank to continue its business. It is not claimed that the transaction was ultra vires, and if it was, that objection cannot prevail as against the claims of depositors who are represented by the receiver and who is seeking to collect the bond as an asset of the bank, for distribution among those for whose protection it was given. . . .
>
> "The defense that there was a fraudulent concealment by the persons who solicited the defendant to sign the bond, of the true condition of the bank, was, under the circumstances of this case, no answer to the action. It appears from the defendant's answer that he was informed, when he executed the bond, that it was to be used in reference to the relations of the bank to the banking

> department 'so that a better showing of the apparent assets of the bank would appear.' The defendant was thus apprised that this bond was to be used to give credit to the bank, with the bank department and with the public, so that it should be enabled to continue its business. The fact communicated to him was notice that the bank was in a precarious condition. He knew that if the bond was treated as an asset and the bank thereby allowed to continue its business, new obligations to depositors would be entered into on the faith of the solvency of the institution. Under such circumstances it would be gross injustice to permit the defendant, after having aided the bank to procure credit with the community, to avoid, as against depositors and creditors, the payment of his bond on the allegation that the exact condition of the bank was not disclosed to him, or that it was much worse than was represented. The dealings between him and the officials of the bank, at whose request he signed the bond, ought not, in justice, to be allowed to affect the security given by him for the protection of those dealing with the bank and who must be presumed to have relied thereon in their dealings."

It may be noted that the receiver was not required to show that any depositor in fact knew of Kelly's bond or relied in any way on it. To the contrary, the depositors "must be presumed to have relied thereon in their dealings".

9.

Separate consideration should perhaps be given to an additional argument made by the Weis Employees' Profit-Sharing Plan and Trust ("Trust"), one of the subordinated lenders. The Trust argues that its claim should not be subordinated because it falls in, or close to, the category of "wages" given a priority status by Section 64(a)(2) of the Bankruptcy Act (11 U.S.C. § 104(a)(2)). The term "wages" in this section has not been liberally construed but has been limited to "money directly due [employees] in back wages." United States

v. *Embassy Restaurant*, 359 U.S. 29, 32 (1959). Contracts in which an employees' trust loans money to the employer at higher than normal interest rates in return for its agreement to subordinate its claim to that of all other creditors scarcely falls within the classic pattern of "back wages".

The order appealed from is reversed and the matter is remanded to the Bankruptcy Judge for further proceedings consistent with this opinion.

SO ORDERED.

Dated: New York, New York
January 20, 1977

Inzer B Wyatt

INZER B. WYATT
United States District Judge

CERTIFICATE OF SERVICE

I, ALAN C. WINICK, as Counsel for Claimants-Appellants, All AMERICAN LIFE & CASUALTY CO., GENERAL UNITED LIFE INSURANCE CO. AND ROBERT E. SLATER, and as lead counsel for all Claimants-Appellants pursuant to the Civil Appeal Pre-Argument Conference Order, dated March 16, 1977, hereby certify that on the 10th day of May, 1977, I served a copy of the Joint Appendix in this appeal upon the following persons by depositing a true copy in the United States Mails(Federal Express, Inc.) properly paid and addressed to them as indicated below:

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Dated: New York, New York
May 10, 1977

ALAN C. WINICK

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss .

FRANTZ FONTAINE, being duly sworn, deposes and says that deponent is not a party to the action, is over 18 years of age and resides at 193 KANE St
B'KLYN NEW YORK 11231.

That on the 10th day of MAY, 1977, deponent personally served the within JOINT APPENDIX

upon the attorneys designated below who represent the indicated parties in this action and at the addresses below stated which are those that have been designated by said attorneys for that purpose.

By leaving ONE true/ COPY ~~copies~~ of same with a duly authorized person at their designated office.

~~By depositing ______ true copies of same enclosed in a postpaid properly addressed wrapper, in the post office or official depository under the exclusive care and custody of the United States post office department within the State of New York.~~

Names of attorneys served, together with the names of the clients represented and the attorneys' designated addresses

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Frantz Fontaine

Sworn to before me this

10th day of MAY, 1977.

Michael DeSantis

MICHAEL DeSANTIS
Notary Public, State of New York
No. 03-0930908
Qualified in Queens County
Commission Expires March 30, 1979

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss .

ROBERT LA GRASSA, being duly sworn, deposes and says that deponent is not a party to the action, is over 18 years of age and resides at 62-20 60th Rd. MASPETH, NYC.

That on the 11th day of MAY, 1977, deponent personally served the within JOINT APPENDIX upon the attorneys designated below who represent the indicated parties in this action and at the addresses below stated which are those that have been designated by said attorneys for that purpose.

By ~~leaving ______ true copies of same with a duly authorized person~~ at their designated office.

By depositing ONE true copy/~~copies~~ of same enclosed in a postpaid properly addressed wrapper, in the post office or official depository under the exclusive care and custody of the United States post office department within the State of New York.

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Robert La Grassa

Sworn to before me this

11th day of MAY, 1977.

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